FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

EEC plan to act on terror

...steps towards an international response to terrorism ...taken in Luxembourg ...day with an EEC agreement to promote closer collaboration. It came as 257 hostages on the hijacked French ...bus awaited responses to ...their attackers' demands.

The hostages are being held ...the lounge of Entebbe airport ...where the Palestine ...guerillas holding them have ...demanded the release from five ...countries, including Israel, of ...prisoners. Uganda Radio said ...President Amin personally ...handed the demands to French ...Foreign Ministry officials at his ...command post.

The hijackers are said to ...be four men and a woman, ...Britain's Mrs. Patrice ...woman who was released from ...the plane, but there is no confirmation that wanted terrorist ...Carlos, "the Jackal," is among ...them.

The EEC drew up a six-point ...programme to include police ...personnel exchanges, an information pool and a mutual assistance ...scheme. Page 6

Mercenaries must wait

Angolan President Agostinho Neto has said he wants more time to consider the death sentences on the British and U.S. mercenaries. Appeals for clemency have arrived in Luanda, including one from Mr. Callaghan. It may be three or four days before the President's decision is known. Page 5

Neilson: Straight choice—judge

The death of heiress Lesley Whittle was "a straightforward choice between murder and manslaughter." Mr. Justice Mars-Jones told the Donald Neilson trial jury yesterday, summing up a trial which, he said, had stirred up public emotions. There is no question of a not guilty verdict, he said.

The heat's still on

Britain's longest and hottest heatwave this century is set in for a few more days, say the weathermen, but an easterly breeze brought some relief yesterday. In Calne, bakery workers were so hot they failed to notice their factory roof was ablaze. The RSPCA is worrying that people may not be properly protecting their pets from sun and heat.

Connors out

Jimmy Connors, the bookies' favourite, was decisively beaten at Wimbledon yesterday by big-serving Roscoe Tanner in straight sets. Linesman Jack Evans, whose ruling the previous day caused such anguish to Martina Navratilova, was banished from the Centre Court. John Barrett, Page 2

Impressive sale

Impressionist, modern and contemporary paintings realised only £1.8m. at Christie's summer sale. Cezanne, Renoir, Matisse, Monet and Modigliani came under the hammer. Page 2

People and Places

Paul Getty III and a girl friend were fined £10 each at Bow Street for "offensive behaviour" in Hyde Park.

Eric Tabarly in Pen Duick VI won The Observer single-handed race with Colas' 236-foot Club Mediterranee second. Page 2

Three islands of the British Indian Oceans Territory were returned to the newly independent Seychelles.

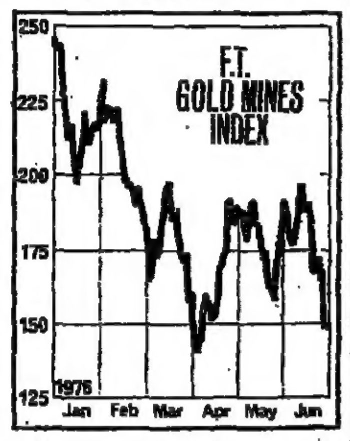
Rhodesian security forces killed 10 guerillas in a gun battle. Page 5

BUSINESS

Sterling back above $1.78

● STERLING improved 60 points to $1.7805, its highest closing level for more than a month; its weighted depreciation improved to 38.9 (39.1) per cent. *The dollar's narrowed to 1.93 (1.99) per cent.* Back Page

● EQUITIES *improved, mainly* in late trading, though volume remained small. The FT 30-share index gained 6.4 to 377.9,



while the FT-Actuaries All-Share Index hardened to 153.80 (153.58). Gold Mines lost 12.8 *to 148.7 for a two-day fall of* 18.8.

● GILTS made a little headway, though rises were mostly marginal. The Government Securities index was 0.11 up at 62.82.

● GOLD lost $¾ to $123½.

● WALL STREET closed 3.27 up at 1,000.65 following a 1.4 per cent. rise in the U.S. index of leading indicators in May. Page 4

● U.S. TREASURY Bill rates at this week's auction: threes 5.368 (5.356), sixes 5.754 (5.722).

MFC charter deal terminated

● MARITIME Fruit Carrier's charter arrangements with Sweden's Salen shipping group have been terminated. Annual income lost amounts to about £47m. Back Page

● SIR MONTY FINNISTON is *joining Sir Charles Clore's* empire as executive chairman of Sears Engineering when he leaves the BSC in September. *Back Page. Sir Charles said the* British Shoe Corporation would deal adequately with recent criticisms. Page 8

● HAMBROS BANK has sold its 8 per cent. holding in shipping group Furness Withy to the group's financial advisers, bankers Rea Brothers. Page 25

● BRITISH insurance companies made a record underwriting loss of £175m. last year *on worldwide* general business, excluding marine. Back Page and Lex

● HOUSING STARTS in May were 2,000 above the April total at 33,000, their highest since last October. However the number of completions fell. Back Page

● DU PONT plans to build a $1bn. petrochemical plant with Atlantic Richfield in the Texas Gulf *for* completion by 1981. Page 26

● WORLD AIRLINES made a gross profit provisionally estimated at £225m. in 1975, less than 1 per cent. of total operating revenue. Page 8

COMPANIES

● ROWNTREE MACKINTOSH is to raise £12.38m. by way of a rights issue. *Shares fell* 13p to 203p following the announcement. Back Page and Lex

● STANDARD Chartered Bank pre-tax profit for the year to March 31 rose to £92.27m. (£71.15m.). Page 23 and Lex

● BROWN BOVERI KENT pre-tax profit for the year to March 27 rose to £2.45m. (£0.96m.). Page 23

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Anglo-Am. Asphalt	152	+ 4
Assoc. P. Cement	151	+ 5
Beecham	372	+ 5
Bowater	198	+ 4
Brent Chemicals	169	+ 4
British Car Auction	47	+ 4½
Brown (J.)	89	+ 4
Courtaulds	131	+ 4
Electrocomponents	107	+ 5
Eucalyptus Pulp	48	+ 3
Glaxo	372	+ 5
GKN	313	+ 5
ICI	353	+ 5
Imry Prop.	135	+ 8
MEPC	65	+ 3
Morgan Grampian	93	+ 11
Reed-Hattersley	150	+ 6
Regional Prop.	37	+ 4½
Standard Chartered	365	+ 7
Tube Invs.	324	+ 4
Vaux Breweries	257	+ 10
Gopeng Cons.	235	+ 10

FALLS

Audiotronic	37	− 3
Development Secs.	373	− 7
Joseph (L.)	145	− 5
Lloyd (F. H.)	64	− 3
Muirhead	113	− 4
Philips' Lamp	905	− 20
Rowntree Mackintosh	203	− 13
Royal Dutch	£38⅝	− 1½
Anglo Am. Gold	£17¼	− 1¼
East Driefontein	690	− 50
Loraine	102	− 10
Poseidon	280	− 10
President Brand	£11¼	− 1½
Rand Selection	490	− 20
Sentrust	180	− 12
Southvaal	485	− 50
West Driefontein	£18	− 2¼
Western Deep	810	− 65

Shipbuilding win for Government after SNP abstains

BY RICHARD EVANS, LOBBY EDITOR

The way was cleared last night for the controversial Aircraft and Shipbuilding Industries Bill to continue its delayed progress through Parliament when the Government won two divisions by unexpectedly large majorities.

The Government won the key division on whether to send the Bill to a select committee by 311 votes to 297 because of a last-minute decision by the 14 Nationalist MPs to abstain.

Following behind-the-scenes manoeuvring earlier in the evening, when the Government realised there was a danger that the vote might be lost or tied, Mr. Michael Foot, leader of the Commons, gave a pledge that Ministers would consider the *status of the Scottish shipbuilding industry after nationalisation.*

This was enough to dissuade the Scottish National Party, which has been calling for a separate Scottish organisation, from going into the lobbies with the other Opposition parties. It was joined by the three Welsh Nationalists.

A warning was given by the SNP that unless the *Government made Scottish Shipbuilders* a separate entity within the nationalised organisation the Nationalist MPs would vote against *the third reading.*

An earlier vote, on whether the Speaker should cast his vote with the Tories in the event of a tie to reproduce as closely as possible the disputed vote on May 27, was won by the Government by 320 votes to 293, a majority of 27.

Earlier in the debate a warning that the future of the aircraft and shipbuilding industries depended on early State control was given by Mr. Eric Varley, Industry Secretary.

He described the situation in both industries as critical and argued that further delay in the passage of the Aircraft and Shipbuilding Industries Bill through Parliament "could prove fatal *to whole aircraft factories and* whole shipbuilding regions."

Mr Varley, faced with continuing hostility from Tories, was *forced to admit that delaying* tactics of the Opposition were putting back steadily the date when the measure could come into operation.

He disclosed that vesting day, planned for July then postponed until September, would have to *be delayed further.*

It is widely accepted at Westminster that the Bill still has to face Tory peers in the Lords, cannot now reach the Statute Book until the Parliamentary spill-over period in October at the earliest.

Stark reality

Mr. Varley was equally pessi*mistic about prospects for both* industries if the Bill failed to become law. "The problems facing the aircraft and shipbuilding *industries are too serious to* stand further delay," he declared. Only by allowing the Bill to proceed would the industries get a chance.

"I say quite solemnly that unless we get on with nationalisation quickly the British aircraft industry may find itself excluded from major new developments which can bring jobs and ensure the continuation of a technological capability.

"The *very future of the civil* aircraft manufacturing industry is at stake—that is the stark reality," he added. Further de*lay would entail loss of jobs in* the Home Counties, the West Country, North Wales and Scotland.

On shipbuilding, the Minister said he was convinced that essential improvements in productivity and industrial relations could be obtained only through public ownership which, for the first time, had permit coherent strategy. At present, all that was being done was "waiting for each successive crisis which we meet with panic measures as *they arise.*"

In answer to questions from *backbenchers particularly Scot*tish Nationalists, Mr. Varley said he could not give specific guarantees about yards. "It *would be foolish to say that* every yard throughout the U.K. is going to be maintained."

The worldwide order crisis for shipbuilding *was* well known. In the past 15 months the volume of orders placed in U.K. yards had been only *20* per cent. of normal. "It is not a short-term, cyclical recession."

Mr. Varley emphasised it was not the Government's intention to create in British Shipbuilders a monolithic, centralised body. But only public ownership could provide an essential, overall strategy and give maximum practical employment in the regions.

Parliament Page 18

Communists have no joint code of action—Brezhnev

BY DAVID LASCELLES AND LESLIE COLLITT

EAST BERLIN, June 29.

AFTER MORE *than 20 months* of arduous preparation, the conference of European Communist Parties finally got under way here *to-day with an acknowledg*ment by Mr. Leonid Brezhnev, Soviet Party Leader, that the Communist movement does not *have a "centre" or a joint code* of action.

"Our parties are operating under different conditions and *working on different tasks, suit*ing their tactics and strategy to the specific situation in their countries," he told the leaders of 29 European Communist parties.

Virtually all parties were represented except for Iceland and Albania. Those present were responsible first and foremost to the working classes of their own countries, said Mr. Brezhnev.

His statement was not unexpected *after the* well-publicised opposition of various independent-minded parties — such as *those of Yugoslavia, Romania* and Italy — to Soviet proposals for joint action, which had delayed the conference, orginally *due to* be held *a year ago.*

But Mr. Brezhnev added that all parties were taking part in a common struggle and were united by the lofty goal of overthrowing imperialism.

Opinion here is divided whether the conference marks a triumph or a climbdown for the Russians. With to-morrow's document expected to stress parties' independence rather *than commitment to joint action,* the Russians look set to achieve little here.

On the other hand, Moscow can claim a tactical victory, having brought together such a wide spectrum of the Communist *movement under one roof.*

Mr. Brezhnev's audience, seated in a large rectangle in the brightly-lit conference hall of East Berlin's largest hotel, included President Tito who was attending such a conference for the first time.

President Tito is due to speak to-morrow, the second and last day of the conference, which will end with the publication of the document so painstakingly negotiated since early 1974.

Two figures who have stood out against the Soviet line in the run-up to the conference, President Ceausescu of Romania and Sr. Santiago Carillo of Spain, *both* took the floor, and asserted their right to map their own way forward.

Mr. *Ceausescu, in an appar*ently veiled reference to the invasion of Czechoslovakia, said nothing could justify interven*tion in another country's affairs,* and he called for the removal of "all troops from foreign soil," without being more specific.

Sr. Carillo pledged that his party remained committed to free elections and an open and democratic society.

Mr. Brezhnev avoided going too deeply into the tangled and touchy question of inter-party relations. Instead he dwelt on *the role of parties in the West.*

These, he said, had grown into a force which deserved all moral and political support. The *success of the Italian party in* the recent elections was convincing evidence.

Looking towards Sig. Enrico Berlinguer, the Italian party leader, Mr. Brezhnev offered his congratulations and said he rejoiced at the result.

But if they were to join hands with the Socialists and/or Christian Democrats, Mr. Brezhnev warned parties like the Italian one that they must remain true to their revolutionary principles.

Most of Mr. Brezhnev's speech consisted of a vigorous and sustained assault on the West's political, military and cultural policies. Waving his arms and taking frequent gulps of water, he accused the West, often the U.S. *specifically, of blocking troop* and arms reduction talks and of escalating their defence budgets.

All the Soviet proposals for nuclear test ban and force renunciation treaties were still on the table, he said.

Observers here believe Mr. Brezhnev's remarks, made as they were at a highly ideolgical gathering, were more for East European consumption than a sign of toughening Kremlin attitudes.

Mr. Brezhnev did reaffirm continuing interest in détente, and particularly in reaching agree*ment with the U.S. on military* questions.

Editorial comment Page 20

Honeywell withdraws action

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

IN A BITTER statement Honeywell announced *last night its* withdrawal of an action against the Anglian Water Authority for alleged breach of statutory duty over a computer purchase.

Honeywell's decision followed yesterday's High Court *rejection* of its bid to stop the authority buying a £1m. computer system from International Computers Limited.

Three appeal *judges* were unanimous in rejecting Honeywell's appeal against termination of a three-week-old injunction restraining the authority from contsacting with ICL.

Honeywell had also instituted High Court proceedings alleging breach of statutory duty by the Authority under the 1973 Water Act. This is the case it has withdrawn.

Mr. Steve Jerritts, managing director of Honeywell Information Systems in the U.K., said *in last night's statement:* "Naturally we are disappointed at today's decision. However, we feel we have made our point that this *case made a mockery of the* tender process and raises serious questions as to the way large sums of public money are spent."

Honeywell claims it was assured that the *tender would be* completely open, the Environment Secretary having specifically refrained from directing the Authority to "Buy-British" from ICL, as he was entitled to do.

In court evidence Honeywell's *statement continued:* "The Authority accepted that its decision, taken in full council on May 5, to instal ICL rather than Honeywell, would put back the operating date of its in-house computer service by a year, at an additional cost to its rate-payers of £1.4m."

This was because ICL's machine — a 2960, the latest in its "*new range*" — *will be in*stalled about a year later than the proposed Honeywell date, largely because of the time needed to develop software.

The company's statement continued: "It was also a matter of record that, on precisely defined criteria, the authority's technical evaluation team, its directors and its Financial and General Purposes Committee selected Honeywell from the four competing tenders and placed ICL third.

"Honeywell regrets that the real issue—whether or not public*sector purchasers* have a statutory duty to act according to normal business practices—has not been fully addressed," Mr. *Jerritts said.*

"What we are facing is a de facto 'Buy ICL' policy spreading outwards from central gov*ernment into the wider public* sector, embracing local government, public authorities, utilities and the like, as well as water authorities."

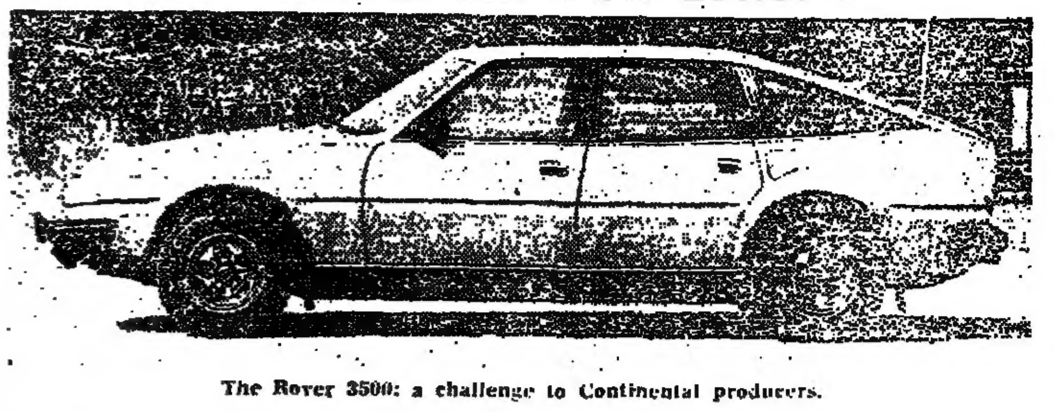
Before the council of the authority voted in favour of ICL at its May meeting several members made speeches on a "Buy British" theme. But the authority's counsel argued in court this week that this did not constitute proof that "Buy British" was the reason behind the council's 17-7 vote for ICL.

The dispute attracted widespread general interest for two reasons. A Honeywell victory could have complicated parts of the Government's "Buy British" computers policy, giving preference to ICL machines.

Second, it presented a particularly controversial case of public authorities' decisions being challenged in court.

Details, Page 12

FLAGSHIP MODEL SET FOR EUROPE



The Rover 3500: a challenge to Continental producers.

New Leyland factory unveils Rover 3500

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND to-day unveils a luxury car, the Rover 3500. It is made at a new works at Solihull, Warwickshire, which represents the most important factory development in the British motor industry since the investments at Liverpool and in Scotland in the early 1960s.

The car, priced at £4,750 retail for the manual version, is aimed at the *growing* challenge of Continental producers in the luxury executive car class. It will replace the present 3.5 Rover and will take over from the range of large Triumphs as well.

A total of £95m. has gone into the project, including £31m. for the plant, alongside the present Rover factory. On a two-shift *basis the labour force in the new* assembly facilities may go up to 4,500, but probably only about 1,000 *of these will be recruits from outside the company.*

The majority of workers will be hired from the old Rover production lines or from the *Triumph* plant at Canley, near Coventry, being switched to component manufacture.

Leyland Cars is planning to produce the new Rover at the rate of about 100,000 units a year by early 1977, a high rate of output for a car of this type. Even during the height of the success of the range of big Rover and Triumph models, Leyland never made more than 70,000 of these vehicles a year.

Behind these production plans —which may be scaled up still further—lies an ambitious plan *to launch the model in Europe* as quickly as possible. The Rover is seen very much as a flagship in the company's attempts to restore its reputation *in Europe where it has suffered* from supply and quality problems.

The decision to build production as quickly as planned—the factory is only producing 100 cars a week at present—suggests that Leyland is intent on building a *large stock* for the European venture. The idea is to use cars such as the Rover and Princess to help build dealer margins *which have been* strained in Europe in the past because of over-reliance on the Mini.

The car will be exported to the U.S., although apparently this is not planned for the next year or so. At present Leyland *is being coy about the amount of* production earmarked for overseas markets, but possibly it is aiming for an almost even split between home and export sales *in line with its performance*

Replacement

Eventually, the new Rover bodyshell is planned to replace the present Rover 2.2 model as well and, at *some* time, the car, which uses a conventional rear-wheel drive system, is due to get a range of 2.2 and 2.6-litre engines based on the present Triumph 6-cylinder unit. The 5-speed gearbox, made at the group's Cardiff plant, is new, along with the suspension system. The design of the car incorporates a hatchback fifth door which relatively is still novel in this sector of the market.

An opportunity, but a gamble Page 20

HOW THE PRICES COMPARE

	Transmission	Engine capacity	Retail price
BMW 528	manual	2,795cc	£6,471
Citroen CX 2200 Pallas	manual	2,175cc	£4,535
Fiat 130 Saloon	automatic	3,235cc	£6,037
Mercedes 350SE	automatic	3,499cc	£10,376
Mercedes 280E	manual	2,746cc	£6,709
Peugeot 604	manual	2,664cc	£5,306
Ford Granada Ghia 3000S	manual	2,994cc	£4,437
Renault 30	manual	2,664cc	£4,444
Volvo 264GL Saloon	manual	2,664cc	£5,795
Rover 3500	manual	3,528cc	£4,750
Rover 3500	automatic	3,528cc	£4,899

Source: Motorists Guide

For latest Share Index 'phone 01-246 8026

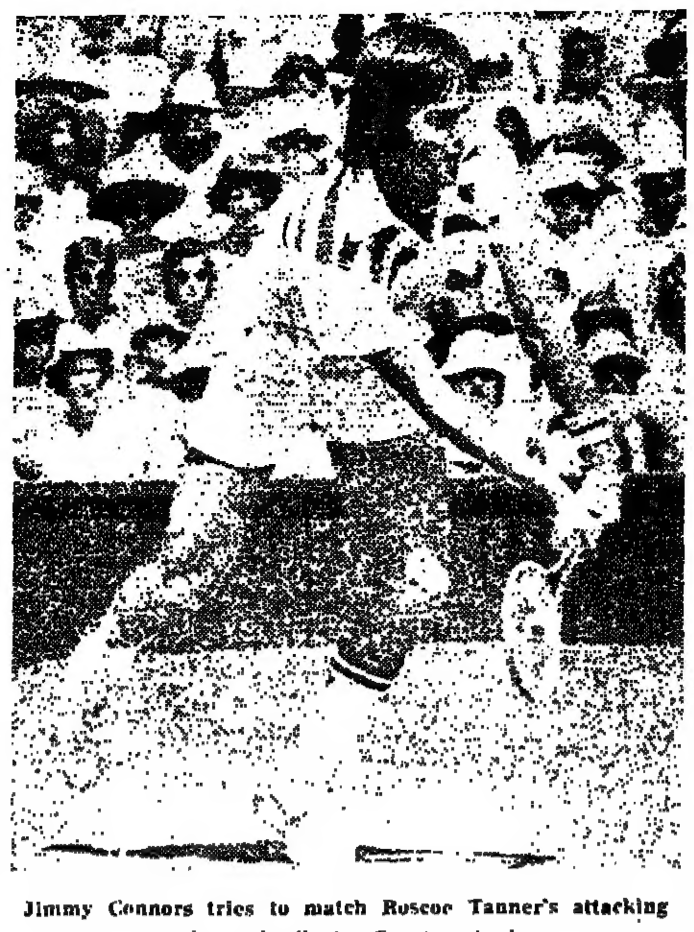
TENNIS: WIMBLEDON — BY JOHN BARRETT

Tanner's ace play knocks out Connors

JIMMY CONNORS, the bookmakers' favourite and last year's beaten finalist, was put out of Wimbledon yesterday by Roscoe Tanner, a fellow American, a fellow left-hander and the possessor of the biggest serve in tennis. Tanner won 6—4, 6—2, 8—6 in 100 minutes of high drama on the Centre Court.

Last year Connors, aged 23, had defeated the 24-year-old Tanner in the semi-final for the loss of only nine games with one of the finest displays of attacking tennis seen at Wimbledon. This time it was a very different story in their quarter final clash.

Tanner had beaten Connors comprehensively in the Beckenham final 17 days ago, serving 18 aces as he raced to a 6—4, 6—3 win; yesterday Tanner put 19 aces past Connors and said afterwards: "I have never served harder."



Jimmy Connors tries to match Roscoe Tanner's attacking tennis on the Centre Court yesterday.

Precision

He was also volleying better than usual and returning service with murderous precision. "Grass is my favourite surface," said Tanner. "Last year I felt shell-shocked when I came off court against Jimmy. This year it felt awfully good."

Such a clear-cut win had seemed a remote possibility at the start of the match when Tanner lost his opening serve after committing a wild double fault.

The match was in its 6th game before Connors dropped a point on his own serve but Tanner, now getting more aces than double faults into his game, broke back to 4—4 when Connors put a forehand into the net.

After holding his own serve with the aid of his 5th ace Tanner moved to set point with a superb back-hand return down the line. Possibly wondering what had hit him, Connors promptly double faulted to drop the first set in 28 minutes.

Connors was given no reprieve. Tanner captured the first game of the second set with three aces and a service winner and broke to take a 3—1 lead with a smash and another slashing back-hand return of service after Connors had held a 40—15 lead. Four more aces enabled Tanner to move 4—1 ahead in a grimly-contested game which went to deuce three times.

Connors, who had started the match in bantering style, now abandoned the jokes as he strove to stay in contention. After that very first game he was making no impression against Tanners' rocket serving and before the match was an hour old he had fallen two sets behind when another astonishing forehand return sped past him in the 8th game.

Connors was making hard work of climbing out of the deep pit in which he found himself. He received a little help when Tanner wasted three break points for a 2—0 lead in the third set, but the next time Connors served he was broken again.

The crowd, fanning themselves with programmes in the hot sun, buzzed with anticipation as Tanner put in another explosive service game to go 4—1 up. But Connors, the champion here in 1974, is a fighter. Serving to stay in the match at 2—5 he was love—40 down but unrolled an ace, saw Tanner net a forehand and then put away a backhand volley to save himself.

More aces

Having lost three match points Tanner admitted later: "I was a bit nervous and started to wonder about winning." Connors, loudly applauded by the crowd for his recovery, immediately profited from the first break point he had had since the first game of the match and closed the gap to 4—5 when Tanner put a forehand volley out.

Now the games went with service, Tanner hammering down two more aces to keep in front 7—6. Just as a possibility of a tie-break loomed Connors fell into trouble on his own serve once more in the 14th game.

He was 15—30 behind and went match-point down when, playing at a ball which looked as if it would have gone out, he sent a forehand volley too deep.

This time there was to be no escape. A backhand passing shot down the line, a whoop of delight from Tanner, and the man from Lookout Mountain, Tennessee, had pulled off the finest victory of his career.

Raul Ramirez, the Mexicon No. 1 who is seeded 8th here, also reached the semi-final when he defeated the 21-year-old New Yorker Vitas Gerulaitis—the man who knocked out defending champion Arthur Ashe on Saturday—4—6, 6—4, 6—3, 6—4 in 2 hours 20 minutes.

SALEROOM — BY ANTONY THORNCROFT

Cézanne takes top price

THIS summer's series of sales of Impressionist and Modern pictures at Sotheby's and Christie's has not really been distinguished (apart from Sotheby's Van Gogh, which made £528,000 on Monday night) either for content or for buyer's interest. At Christie's yesterday there was a total of £1,797,200, but in cash terms the bought in proportion was a high 40 per cent.

The market is suffering from the very high prices paid for Impressionists about five years ago which encourages sellers to place unreasonably exorbitant reserves on the pictures appearing on a much poorer market. However, the three top lots sold, which was some compensation.

The top price was the £120,000 paid by a French buyer, Berggruen, for a still life of fruit, by Paul Cézanne. A Renoir, *Buste de Femme Nue*, was also on target at £100,000 to another French buyer, Frère Bourgeois; and the same price was paid by the London dealer, J. Hulme, for a Matisse, *Fenêtre Ouverte, Etretat*. A 10 per cent buyers' premium should be added to all the lots.

Other good prices were the £80,000 from Mrs. Newman for a Modigliani, "La Rousse aux Yeux Bleus"; £49,000 from the Italian, Nehmad, for a Léger, *La Statuette Rouge*; and £40,000 from a Japanese dealer in Paris, Tamanago, for a view of Venice by Monet. The main disappointments were a Renoir, *Femme en Promenade*, bought in at £70,000; and another Cézanne, "Trois Pommes," also bought in at that level.

For the record, the Piccadilly Gallery paid £38,000 for a Pierre Bonnard, *La Source*, and £37,000 for a "Composition," by Nicolas de Stael; while a white marble sculpture, by Auguste Rodin of Eve, beat its target and sold to Mrs. Newman for £36,000.

Jade attracts

Meanwhile, Sotheby's was busy with three successful sales—Cinese export porcelain and jades, which totalled £205,905; Victorian paintings, at the Belgravia saleroom, which made £233,014 (with a bought-in percentage of 11); and the second day of the Phillipps book sale, which added a further £36,627.

Jade items were the feature of the Chinese auctions, with the Americans very keen bidders. But London dealers Heirloom and Howerd paid top price—£8,900 for an enamelled pair of "famille rose figures" of pheasants. Another London dealer, W. Clayton, gave £6,400, treble the estimate, for a jade figure of Kuan Yin and two jade Ch'ien Lung circular roundels went anonymously for £5,000.

At Belgravia, the American dealer S. Stein was active, paying £7,000 for an Alma Tadema "The years at the spring, all's right with the world," and £5,000 for a circular Rossetti "Belcolore." Spink acquired "Boys Fishing" by William Mulready for £6,200, and a pair of Venetian views by Edward Pritchett fetched £4,200.

The dispersal of the famous Phillipps collection of books and manuscripts has reached the Serbo Croat section and the Government of Croatia paid £7,000 for a 16th century manuscript of poems by Marulic of Split.

Christie's also held the first of its Japanese sales in an important week in this sector. Ivory carvings, netsuke, and inro went very much as expected for £54,599. A 19th century ivory garniture of three vases fetched the top price of £1,500; an ivory carving of a traveller far exceeded its estimate at £1,000.

Finally, the Phillips furniture sale realised £31,741, with Richards paying £1,400 for a set of eight George III mahogany dining chairs. Lead soldiers and models added a further £21,252, with a private collector giving £900 for a shipyard model of the steamer "South Pacific."

RACING — BY DOMINIC WIGAN

The Marshall out on two raids

BILL MARSHALL, who pulled off one of the biggest successes of his career when saddling Philominsky to land the £12,000 Northumberland Plate on Saturday, mounts raids on both Brighton and Yarmouth to-day.

Joe Mercer will be aboard his Brighton pair, Lord David and *Major John* while at the East Coast track he relies on his 24-year-old son, Richard.

In the feature event on Brighton's jackpot card, the Friend James Memorial handicap, Marshall is represented by that talented veteran, Lord David who has resumed racing after an unsuccessful spell at stud. Although this eight-year-old could go close on some of his form he has not produced his best since last season—and *Kildoon* interests me more.

This somewhat erratic four-year-old, ridden by that highly accomplished lightweight Compton Rodrigues, put up an encouraging display last time out after two poor runs when finishing third behind My Hero and The Happy Hooker in the Abbots Hill handicap at Epsom on Coronation Cup day.

Although he is only 7 lbs. better off with My Hero for the 3½ lengths by which he was beaten there, Kildoon may well have come on more than his

BRIGHTON

2.00 Finite ***
2.30 Prince Pepe
3.00 Kildoon
3.30 Radiant Morn
4.00 Major John*
4.30 Blyth's Folly

YARMOUTH

2.45 Alhib **
3.15 The Guvnor
4.15 Minstrel Song
4.45 Spring Storm

CARLISLE

3.15 Charter Pearl
3.45 Bustiffa
4.45 Yellow Prince

seven-year-old opponent in the last four weeks, and he is my selection.

Major John, Marshall's runner in the Hailsham handicap, has shown little since running Rippling to three-quarters of a length in a valuable nursery at York in October. Nevertheless, he showed good speed until a furlong from home when fifth in the Sheepcote handicap at the last meeting here and I believe that he can cause an upset by reversing the placings with the third in that event, African Beat, on identical terms.

Looking at two other races on a disappointing card, which has suffered as a result of the firm ground having depleted several fields, Finite cannot be opposed in the opener, the Woodingdean Stakes. *Prince Pepe* is just preferred to Sole Opponent, Enemy, in the Pevensey Stakes half-an-hour later.

At Yarmouth, where both The Guvnor and Minstrel Song can score for the Marshall camp, I do not intend looking beyond the much improved *Alhib* in the Debbage handicap.

Doctor Carlo Vittadini's compact Sahib colt followed up a neck victory over Ring Rose, by giving Monday's Windsor winner, Princely, 5 lbs. and a short-head beating in a competitive handicap at Ayr. The Eric Eldin partnered three-year-old remains on the upgrade, and I cannot see one to lower his colours.

YACHTING — BY STUART ALEXANDER

Tabarly crosses Atlantic victory line at Newport

The taste of success . . . skipper Tabarly on board the Pen Duick VI.

FRENCH NAVAL Capt. Eric Tabarly (pictured above) sailed his 73-foot ketch Pen Duick VI to victory yesterday in the Observer Single-handed Transatlantic Race. He crossed the Newport, Rhode Island, finish line at 8.03 a.m. BST to complete the crossing from Plymouth in 23 days 19 hours 33 minutes. Second in the 236-foot schooner Club Mediterranée is Alain Colas, who finished at 3.27 p.m. BST.

This is the third time in the five races already held that a Frenchman has taken first prize, and the second time for Tabarly, who won in 1964.

Earlier fears that the elusive Tabarly might be in difficulty led to a French Admiral ordering a plane search. Tabarly explained he had been becalmed for four days, and added that his self-steering gear broke four days out of Plymouth. He had had a lot of bad weather, culminating in heavy fog.

There has been no sighting of British hope Mike McMullen in his yellow trimaran Three Cheers, nor of Cap 33, the big French multihull.

In the smaller Jester class the only British girl, Clare Francis, in Robertson's Golly, gave her position at 1 p.m. BST yesterday as 44 degrees N. 62 degrees W. She was closely followed by the Belgian Gustav Versluys, who had not been heard of for some time.

Both are further north than Financial Times news editor David Palmer in the trimaran FT, and from now until the finish the weather could have as big a say as tactics in deciding the winner of the Jester class.

GARDENS TO-DAY

Where there's a weed there's a way

BY ROBIN LANE FOX

SO MANY inquiries have reached me about the chemical control of weeds among irises and asparagus that I must be more precise about the chemical Gesatop which I mentioned some months ago as a means of keeping these tiresome beds clean. The chemical, you may recall, has been used by an expert gardening friend on her irises and asparagus for several years: she is still alive, but the weeds are not.

Pursuing it back to its makers and following a trail laid by many readers' comments, I find Gesatop to be the farmers' variety of Weedex S50 WP, a poison made by CIBA-Geigy and long used by me on paths and patches of gravel. More importantly, it emerges as a compound, 50 per cent. of which is the newish weedkiller Simazine, which should be pronounced to rhyme with "limousine" a luxury which it almost equals.

For farmers, Gesatop is sold as a weedkiller among crops like maize; for gardeners, the same substance, renamed Weedex, is sold as a weedkiller for paths and drives. Do not be alarmed by this surprising double-act. Gardeners, as ever, can save themselves trouble by following farmers, as long as they are cautious and sensible, which the makers of poisons must assume that they are not.

The familiar Weedex can be used among irises, soft fruit and asparagus, round roses and in a well-established flower border, provided that you apply it at about half the strength which the packet lays down for a barren path. This dilution is most important. If you squirt it on to the bed, diverting it with a spray, it will prevent the growth of any weeds.

Growth stopped

Now, in the weedkilling trade, "growth prevention" is not simply a phrase to describe the consequence of Labour Party budgets. It means that weeds are stopped from growing, but it does not mean that they are killed. If you use Weedex in very strong doses on a path in which weeds are showing, some may die, none will continue to grow. They will turn yellow and their children will never appear. If you use Weedex or Gesatop (from a farm chemical store) in light doses on an iris bed, you will not kill the weeds which are already showing. You must clean out the bed thoroughly for the very last time, and then spray lightly with a Simazine compound. Then (almost certainly) you will have no more trouble, as long as you spray at least once a year.

If you clean the ground under roses, or among the tougher border-plants, you can dilute your Weedex and use it there too. Other Simazine-diluted mixtures are on sale from many chemical makers and are intended for use on flower beds. I find it easier and cheaper to buy one poison in bulk and use it in varying strengths: you are not advised to use Weedex, or the like, however diluted, on a newly-planted bed.

I have said that you will "almost certainly" have no trouble because I must make an allowance for the weather. Simazine likes to be washed in, but not to be washed away. It has not been at its best this year in gardens in which it is applied in spring, the easiest (but not the only) time, as you can then spray it onto all the ground between the rootstocks of your emergent plants.

This year, there was no light rain to wash it into the soil, in which it works. Two years ago, I was told by one maker that there had been too much rain, so that my Simazine had probably been washed away. You see the escape-hole. But this chemical is not erratic nor a bad buy. I would never control a large or week-end garden without resort to it. Returning to the garden from which Gesatop was first brought to my notice, I can only say that its owner swears by the results and keeps the neatest beds over a large area.

No bother

Maybe, like me, you do not really like chemicals. Maybe, like the eager female executive who wrote to me recently to say that she and her husband had brought a large garden on their large joint incomes and wanted it to be "absolutely no bother" you would prefer to block out your weeds with plants. If you clean the ground first and keep it clean for one season, you can indeed choose plants which will bother you seldom and please you often. I write too often about the unusual or the laborious: there are two plants, now at their best, which are the most valuable background for any garden which seems too big to be no trouble, and it is high time that I mentioned them.

The first is the silver-grey shrub called Senecio, which rhymes with "Ponte Vecchio" unless it is mispronounced by a garden consultant. This is common, fool-proof, superb cover against any intruding weeds, yet so handsome that I would never plant a long border or a biggish garden without it. Ask for *Senecio Laxifolius* and remember that its leaf is most grey when it is planted in sun. I have found that it is neatest when I pinch back its shoots in early May, a light pruning which stops it from flowering. You are left with a mound of grey leaves about two feet high and a yard wide.

Mass them in threes or fives at regular intervals in the front or middle of a border, and you will leave no space for weeds while giving yourself a handsome background for any intervening plants. Or you can leave it to grow loosely and reckon with a July crop of bright yellow daisy-flowers, which I have come to enjoy. If you cannot afford very many plants, remember that it increases extremely quickly from summer cuttings. I would gladly plant out a bank, half a border or a kitchen garden with it.

Soft green

Its only equal, to my mind, is the Ladies Mantle, *Alchemilla Mollis*. What did gardeners do before flower-arrangers had helped to make this acid-green flowered plant so popular? It is herbaceous, but its leaves last for up to eight months and are a soft velvety, light green, on which crops of rain are caught curiously, like a spot of mercury. Its clouds of small green-yellow flowers reaches a height of about nine inches, so the Alchemilla is a plant for the border's edge.

It grows in shade, sun, any soil. It prefers half-shade and damp earth, but it will seed itself wildly almost anywhere. Some think this seeding is a nuisance, but I dug out the seedlings before they grow their tough woody roots and move them wherever bare earth is welcoming weeds. One plant soon divides into two dozen and seeds into two dozen more. I like its style, colour and robust convenience. It could well be made to take over a bank or the front of a long bed. Gardens are way beyond our means, but nature has given us Senecio and Ladies Mantle instead. Take the hint, and not even Simazine can save you so much yearly bother.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05-7.55 a.m. Open University (UHF only). 1.30 p.m. Mary, Mungo and Midge. 1.45 News. 1.55 Wimbledon Lawn Tennis Championships. 4.23 Regional News (except London). 4.25 Play School. 4.50 Star Turn. 5.15 The Changes. 5.40 Barbapapa.
5.45 News.
6.00 Nationwide (London only).
6.15 Wimbledon Lawn Tennis.
7.25 The Wednesday Film: Walt Disney's "The Barefoot Executive."
9.00 News.
9.25 Explorers.
10.15 André Previn's Music Night with André Watts (piano) and the London Symphony Orchestra.
11.05 Tonight.
11.40 Weather Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.15-5.40 p.m. Y Tir Newydd—America. 6.00-6.15 Wales To-day. 7.25-7.40 Heddiw. 7.40-8.10 To-morrow's World in Europe. 8.10-9.00 The Undersea World of Jacques Cousteau. 11.40 News and Weather for Wales.

Scotland — †10.00-11.10 a.m. "Where's That Fire?" starring Will Hay. 6.00-6.15 p.m. Reporting Scotland. 11.40 News Summary and Weather for Scotland.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.15 Scene Around Six. 11.40 News Summary and Weather for Northern Ireland.

England — 6.00-6.15 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
10.55 Nai Zindagi Naya Jeevan.
11.00 Play School.
2.00 p.m. Wimbledon Lawn Tennis.
7.30 News on 2.
7.40 Gardeners' World.
8.10 George Hamilton IV and Other Folk.
8.55 Who Said That?
9.00 The Love School.
10.15 Wimbledon highlights.
11.05 Newsnight.
11.20-11.25 Closedown: Jill Balcon reads "The Wild Swans at Coole," by W. B. Yeats.

LONDON

9.55 a.m. Meet Betty Boop. 10.10 Inner Space. †10.35 The Saint. 11.25 Cricket: Yorkshire v. West Indians from Sheffield. 12.00 Here Comes Mumfie. 12.10 p.m. Pipkin. 12.30 Three Little Words. 1.00 First Report: News with Alastair Burnet FT index. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.20 Cricket. 4.25 Michael Bentine's Potty Time. 4.50 Hogg's Back. 5.20 The Flinstones.
5.50 News From ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 Summer Night Out.
9.00 Killers.
10.00 News.
10.30 Jack Parnell and The Big Band Show.
11.00 Hello Cheeky.
11.30 What The Papers Say.
11.45 Wrestling.

All ITV Regions as London except at the following times:—

ANGLIA

10.30 a.m. Halas and Batchelor Cartoon. 10.35 Here Comes the Future. 11.00 Jane Austen and Her World. 1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 University Challenge. 6.00 About Anglia. 11.30 Wrestling. 12.00 The Big Question.

ATV MIDLANDS

10.30 a.m. Dodo and the Space Kid. 10.40 A Completely Different Way of Life. 1.20 p.m. ATV Newsdesk. 5.20 ATV To-day [illegible] 6.00 ATV To-day [illegible] 11.30 Wrestling.

BORDER

11.00 a.m. Jane Austen and Her World. †1.20 p.m. Border News. 2.00 Houseparty. 5.20 The Count of Monte Cristo. 6.00 Border News and Lookaround. 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show with Anne Shelton. 11.30 Wrestling. †12.00 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's on Where. 5.20 Arthur. 6.00 Report at Six. 11.30 Wrestling. 12.00 News and Weather in French followed by Epilogue.

GRAMPIAN

11.00 a.m. Jane Austen and Her World. 1.20 p.m. Grampian News Headlines. 2.00 Houseparty. 5.20 Wait Till Your Father Gets Home. 5.45 Police Newsroom. 6.00 Grampian Today. 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show. 11.30 Wrestling. 12.00 Evening Prayers.

GRANADA

10.00 a.m. Enchanted World. †10.20 The Three Stooges. 10.40 Animated Classics. 1.20 p.m. This Is Your Right. 5.15 Take Five. 5.20 Crossroads. 6.00 Granada Reports. 6.30 University Challenge. 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show. 12.10 a.m. Thank You and Goodnight.

HTV

11.00 a.m. Jane Austen and Her World. 12.30 p.m. Winner Takes All. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. †5.20 Chucklehead. 5.25 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Three Little Words. 11.30 Wrestling.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Report West Headlines. 4.25-4.50 Rhufeddodau. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

11.00 a.m. Jane Austen and Her World. †1.25 p.m. Road and Weather Report. 2.00 Housecall. 5.20 Dinei and his Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 University Challenge. 11.30 Wrestling. 12.00 Late Call.

SOUTHERN

†10.20 a.m. "Conquest of the Air". 1.20 p.m. Southern News. 2.00 Houseparty. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day By Day. 11.30 Wrestling. 12.00 Southern News Extra.

TYNE TEES

10.55 a.m. Starting Point. 11.00 Jane Austen and her World. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 5.20 Wild Life Theatre. 6.00 Today At Six. 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show. 11.30 Epilogue.

ULSTER

11.00 a.m. Jane Austen and her World. 1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.23 Ulster News Headlines. 5.20 Fantastic Voyage. 6.00 Summer Reports. 11.30 Wrestling.

WESTWARD

10.00 a.m. Sesame Street. 11.00 Jane Austen and her World. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Arthur. 6.00 Westward Diary. 11.30 Wrestling. 12.00 Westward Late News. 12.03 a.m. Faith For Life.

YORKSHIRE

10.00 a.m. Kum. 10.15 Lasting Beauty. 10.30 Ed Allen Time. 10.55 The Rise of Mammals. 11.05 The Merrie Melodies Show. 1.20 Calendar News. 5.20 Calendar. 6.00 Calendar. 10.30 Hello Cheeky. 11.00 Jack Parnell and the Big Band Show. 11.30 Wrestling.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 [illegible] DLT OK! 5.45 Newsbeat. 6.02 As Radio 2 [illegible] 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Don Durbridge (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 Wimbledon (1,500m only, also 202m Scotland, VHF joins Radio 1), including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45-7.00 Wimbledon 76 (1,500m only, also 202m Scotland), including 4.45 5.45 and 6.45 Sports Desk. 4.45-7.00 Sam Costa (S) (VHF only). 7.02 Games People Play. 7.30 Sports Desk. 7.32 The Story Behind the Song. 8.02 Two In Mind (S). 8.30 Sing Something Simple (S). 9.02 Command Performance (S). 10.02 Sports Desk. 10.05 Words and Music (S). 11.02 Jean Challis with The Late Show (1,500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

7.00 a.m. News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Bach (S). 9.50 Mischa Maisky and Gordon Black (cello and piano recital) (S). 10.35 Organ Recital from Royal Festival Hall (S). 11.25 Cello and Piano recital: Barber, Faure (S). 12.05 p.m. Eric Coates (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Orchestral Music (S). 2.50 Welsh Chamber Music (S). 3.35 Stravinsky, Schubert and Beethoven concert (S). 5.00 Choral Evensong (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Language and Communication. 7.30 Handel's "Jephtha," part 1 (S). 8.35 The Arts Worldwide. 8.50 Handel's "Jephtha," part 2 (S). 9.55 Scientifically Speaking. 10.40 Beethoven Quartets (S). 11.25-11.30 News.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today, including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Finger on the Pulse. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Round Britain Quiz. 11.30 Thirty-Minute Theatre (S). 12.00 News. 12.02 p.m. You and Yours. 12.27 Brain of Britain. †12.55 Weather and programme news. VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Fergus Over The Land. 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Twenty Questions. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 It's Your Line. 8.30 God Bless America . . . what would you do without her? 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susan Barnes with Rush Hour. 9.00 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. David Simmons's Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 In The News. 4.32 Tony Fish with Home Run including 5.00 and 6.00 London News Desk. 7.00 Jenny Thompson and Diana Rice (as 11.03 a.m.). 8.30 Quest. 8.30 Soul 77. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2 until close-down.

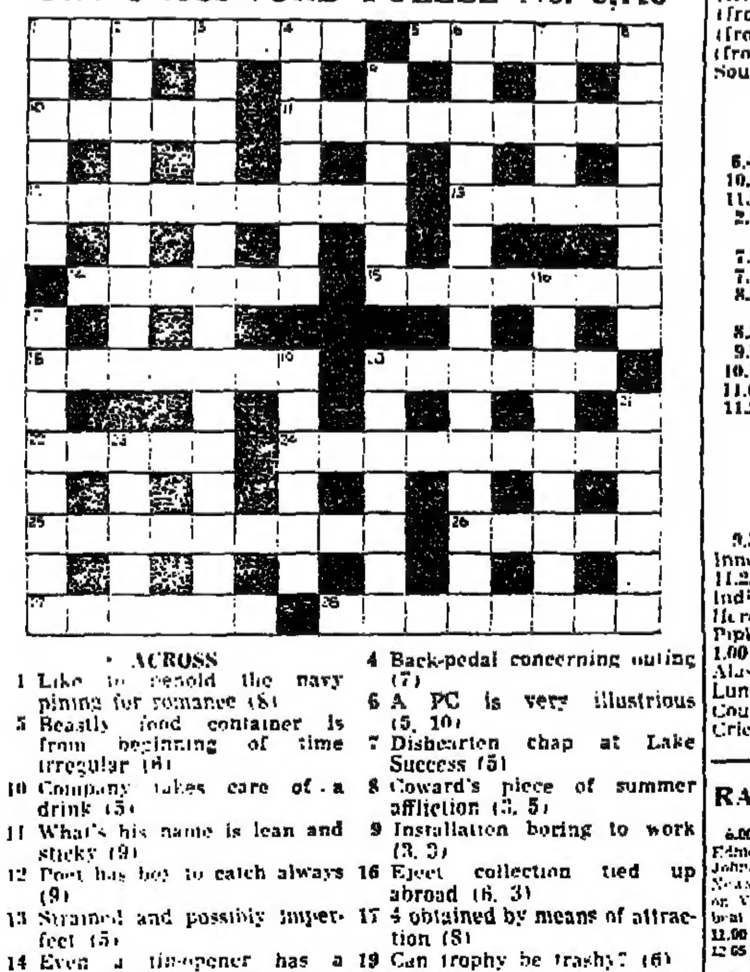
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—Breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Jazz in Stereo. 9.00 Nightline. 1.00-5.00 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene. The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash. Cash On Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Brian Wolfe London Today. 7.30 Adrian Love's Open Line. 9.00 Nicky Horne. Your Mother Wouldn't Like It. 11.00 Tony Myatt. The Late Show. 2.00-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,118



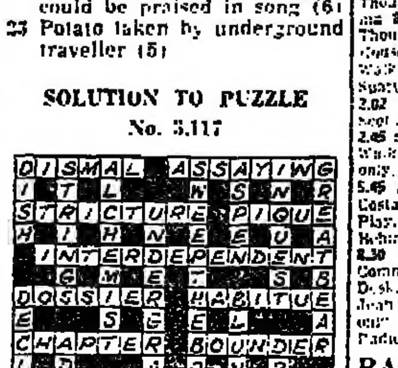
ACROSS

1 Like to remold the navy pining for romance (8)
5 Beastly food container is from beginning of time irregular (6)
10 Company takes care of a drink (5)
11 What's his name is lean and sticky (9)
12 Poet has boy to catch always (9)
13 Strained and possibly imperfect (5)
14 Even a tin-opener has a heavenly body . . . (6)
15 . . . so long as there's a satisfactory extra at Lords (7)
18 Charge is settled (7)
20 Go on—I'm distorting low sound (6)
22 Upset by male ram (3, 2)
24 Strange turn a friend offers of course (9)
25 Legendary hero used to steal with head covered (5, 4)
26 Sounded like Gone with the Wind (5)
27 Key worker going the rounds in hospital? (6)
28 Pinched while a Russian leader slept (8)

DOWN

1 Exact place Eastend offers destructive winger (6)
2 Brief holiday worker has with crowd on site with nothing on (6, 3)
3 Keep guessing about postponed holiday (5, 2, 8)
4 Back-pedal concerning outing (7)
6 A PC is very illustrious (5, 10)
7 Dishearten chap at Lake Success (5)
8 Coward's piece of summer affliction (3, 5)
9 Installation boring to work (3, 3)
16 Eject collection tied up abroad (6, 3)
17 4 obtained by means of attraction (8)
19 Can trophy be trashy? (6)
20 Bullish operator looking for a Fill (7)
21 Deny Her Majesty initially could be praised in song (6)
23 Potato taken by underground traveller (5)

SOLUTION TO PUZZLE No. 3,117



هكذا من الأصل

A welcoming city

by ANDREW PORTER

Two years ago, I wrote with thusiasm in these pages of the elaide Festival of Arts, long ablished but housed for the st time in Adelaide's Festival eatre. That theatre, a 2,000-ater opera-house cum concert-ll, was the first stage of a rforming-arts complex that has rivals I know of. At this ar's festival, the other build-gs had been completed and re brought into play. There a smaller theatre, the Play-use, holding about 600, of a sible design that allows for oscenium-arch presentations, rust-stage, and, since there is pit, chamber opera and dance. e Space is just that—a 70-foot-uare open space, galleried and, with movable and remov-le banks of seating, a pit and pdoors, and plenty of light d sound equipment. The elaide opera and dance com-nies favour it for their more venturous presentations. And re is the Amphitheatre, which not an amphitheatre but a fan-aped open-air theatre that can t up to 1,200.

The opening of the Sydney era House, a beautiful and markable building, took the adlines. Adelaide's Festival eatre had opened a few months rlier, without international llyhoo. Roughly speaking, it st about a tenth of what the dney Opera House did, was ilt in a tenth of the time, and ten times as successful as a ice for housing performances. e new buildings are equally ccessful. Besides the perform-g places, there are well-run staurants and bars open into e small hours. There is the st music and book shop I've countered in any hall. The ice sits boldly but comfortably the slope of a park on the ge of the inner city. On one e are the Houses of Parlia-nt and the railway station; the other, lawns run down a river. Trees are abundant. ildren play. Troupes play to children. It is a place filled y and night with activity, light, , and welcome; a brilliant ce of design, with sudden ilarating spaces and sights; eerfully efficient, unpreten-us, delicate in its details. ere is concrete about but it is gant, polished concrete—a asure to the touch, as the vy concrete balustrades of the th Bank walkways are not.

A festival is more than a ies of events. Adelaide itself one of the things that makes Adelaide Festival so enjoy-e. Though planned, in 1837, the last months of William 's reign, and named for his sort, the city was built under young Victoria. The surveyor, onel Light, was a man of nice sical taste. On a coastal plain, ween the Mount Lofty Ranges Gulf St. Vincent, he laid out square mile of town whose ncipal streets intersect in a tral forum, where the Vic-an equivalents of basilica and ple stand, with the mercatus e by. Above it, on the other e of a river, is another square le of tree-shaded residential ets. No Roman walls, how-ever: the two square miles of built-on ground with leafy parks are girdled round (and there are gardens bright with sinuous rills, where blossom many an incense-bearing tree). As I strolled to the performances, the words of a Beethoven song kept running through my head: "Mild vom lieblichen Zauberlicht umflossen, Das durch wankende Blüten-zweige zittert, Adelaide!"

Greedy commerce has left its mark here and there, but most of Adelaide remains unspoiled, and its people are determined to keep it that way. (South Australia is one of the States that still has a Labor Government.) A Victorian bank building, threatened with demolition and development, was rescued by the Government and now houses the Arts Council on its upper floors, while the banking hall has become a very attractive recital room. The festival spreads from the Centre through all the halls, theatres, churches, streets and squares of the city. In its "em-bracing" way it recalls the city festivals of Britain (and parallel to the official programme there runs, as at Edinburgh, a very active "fringe"), but the scale is closer to that of Holland, for on any day there may be 20, 30, even 40 events competing for the visitor's attention.

"Visitor" I say, but Adelaide is a long way away—10,835 miles, as the Quantas flies, from London, and only a few less from New York. (I flew there from New York, and during those long, long hops—San Francisco to Hawaii, Hawaii to Fiji, Fiji to Melbourne, with nothing but ocean between—began to wonder whether there might not be, after all, something to be said for the Concorde.) International visitors to the Adelaide Festival without professional commit-ments to take them there are probably few. But visitors come from all over Australia. Never-theless the influx at festival-time—for the Centre is in full swing all the year round—is not so much of tourist audiences as of international performers. Since this is U.S. Bicentennial Year, American visitors were promi-nent. The Composers Quartet played Elliott Carter's three string quartets. The Contem-porary Chamber Ensemble of New York gave his Sonata for flute, oboe, cello and harpsi-chord and his Double Concerto, an evening of George Crumb, pieces by Jacob Druckman, Donald Martino, etc., and a *première written for Adelaide by* the prolific Charles Wuorinen.

Merce Cunningham and his dance company also had a new work—*Squaregame*, a sunny in-vention of solos, duos, and trios within a squaredance framework. His work looked good on the big, open Festival Theatre stage. John Cage performed his *Empty Words Part III*. Nigel Butterley, the Australian composer, gave a masterly account, across two recitals, of Cage's early *Sonatas and Interludes for Prepared Piano*. All Ives's Violin Sonatas were played.

A scene from the Adelaide Festival "Wozzeck." Raymond Myers plays the name part

The principal operatic produc-tion, *Wozzeck*, happened before I arrived; a televison tape of it was played to me. It was done by the Sydney-based Australian Opera, but the show cannot be given in the Sydney Opera House, since the pit there is too small to hold Berg's orchestra. Edward Downes conducted, superbly well; lyricism, emotional and dramatic power and clarity were combined in his reading. Elijah Moshin-sky's production, in sets by Tim O'Brien and Tazeena Firth, threw all the action well for-ward, as in the same team's *Peter Grimes* for Covent Garden. Most of it played on long, nar-row trucks, sliding in and out from the wings. Inside and out-side were not clearly dis-tinguished; the Drum-major appeared to tumble Marie on the pavement. I was told that in the theatre the individual per-formances did not project strongly, but the close-up of lens and microphone certainly re-vealed finely detailed, puissant interpretations; this television *Wozzeck* deserves international showing. Raymond Myers was the Wozzeck, and Lone Koppel Winther the Marie.

The Adelaide company, the New Opera, produced two new one-acters, Larry Sitsky's *Fiery Tales* and George Dreyfus's *The Lamentable Reign of King Charles the Last*. From the troupe that gave so impressive and imaginative a performance of Janacek's *Mr. Broucek* at the previous festival, this bill was a disappointment. *Fiery Tales* consists of *The Miller's Tale* and a tale from the *Decameron* played in alternation—all bare bums, jokes around a close-stool, and unmemorable music. *The Lamentable Reign* is an under-graduate affair of heavy, obvious jokes about the Royal Family and Australian politicians, set to simple pop melodies. Two lumpen comedies.

Australian music was not prominent in the programmes. Deliberately, Anthony Steele (formerly of the South Bank), artistic director of the festival, concentrates on unfamiliar, in-ternational fare for these three weeks of celebration. Of the best-known Australian composers—Richard Meale, Peter Scul-thorpe, Don Banks, and Mal-colm Williamson—only the last was represented, by his *Sym-phony for Voices*, done by the *John Alldis Choir*. There were two string quartet premières. Colin Brumby's Quartet is not exactly new, for it dates from 1965, after the composer's study with Alexander Goehr; it is a worthy, well-ordered stretch of serial discourse. Nigel Butter-ley's Second Quartet is new—and a rapturous, joyful, lyrical piece. Butterley, a prolific and skilful composer who has pur-sued and captured many new *techniques in his earlier works*, now seems to have found a dis-tinctive voice of his own.

Television

Theory into practice

by CHRIS DUNKLEY

It says a lot about British television in general and Granada Television in par-ticular that although this month's *State Of The Nation* series was neither as powerful nor quite as successful as the series broadcast under the same title three years ago, this month's programmes were nevertheless among the dozen most significant that I have watched in seven years of professional viewing.

What is more, nobody else has made any programmes on the subject—the organisation and operation of the British Govern-ment and constitution—which have been more successful. Most other organisations simply haven't made programmes on the subject.

This is a little more surprising than might at first seem the case (after all it's for relaxing, isn't it, television?") since the three duties to inform, educate and entertain in that order, have been quoted so often as the tripod upon which British broad-casting rests. Even though it was the BBC Charter in which the words first appeared it has always been accepted, and indeed is implicit in the Television Act under which commercial tele-vision was set up, that ITV has the same trio of duties.

To "inform and educate" can-not mean regular news bulletins and programmes about learning to play the guitar, make soft toys, or even learn to speak Italian. There is clearly an obligation for television to investigate and lead discussion on such fundamental subjects as religion, philosophy, morals, the structure of society, and the way we organise our Government. If it fails to do this even during unpopular viewing hours then it really will have to go down in history as a goggle box.

However, religion has always received a pretty good showing on television, and there is usually some series in progress about philosophy and/or morals, even if it is simply a cross between a quiz and a chat show such as BBC 2's *Stop To Think* (which, since it requires snap answers from its panellists, might be more accurately titled if "Don't" was tacked on the front). "Social" subjects—dossers, drinkers, drug addicts—have become some of the most popular for television pro-grammes.

But the business of using television to investigate and to extend public understanding of the processes by which we govern ourselves has been quietly left to the occasional "special" late at night on one of the BBC channels (usually devoted to Northern Ireland) and—most notably—to Granada, presumably because Granada showed interest and aptitude in this most important of subjects early in the history of ITV.

During the last three years or so Granada's programmes on such subjects have been made under the "State Of The Nation" title by a team headed by pro-ducer Brian Lapping and assistant producer Norma Percy. Their first series in 1973 studied the workings of Parlia-ment and the drafting of legisla-tion, and was notable particu-larly for the programme called *A Law In The Making* which for the first time showed ministers and civil servants at work on the *drafting of a Bill*.

Since then Lapping's team have made programmes about the Common Market and, in February this year, their unique account of the Cabinet's activi-ties during the Chrysler affair in *Chrysler and the Cabinet*, which used Fleet Street's political correspondents to "play" the key people involved, taking their pooled specialised knowledge as the basis for the script.

With this month's series, *The State of the Nation: Party In Power*, they have moved on to the area adjoining the one they covered in 1973. At the end of that series I said in this column that the programmes had shown that those who feared the Commons dog was in danger of being wagged by the executive tail seemed to have at least some reason for their misgivings. This was followed by a call for a programme investigating the extent to which civil servants can influence the success or failure of legislation.

Party In Power was nominally about the extent to which politi-cal parties manage to fulfil their manifesto promises (since the continual making and the per-petual breaking of such promises in recent history seems to have played a major part in produc-ing—supposedly—a disillusioned electorate) and it very quickly became clear that if you could say *why* a party succeeded or failed in this, you almost cer-tainly produced an answer also to the question about the influ-*ence of civil servants*.

Lapping and his team man-aged to persuade two sets of pol-iticians and civil servants to go in front of the cameras and to discuss relatively recent at-tempts to initiate policies: Labour's on land, and the Con-servatives' on industrial rela-tions.

Perhaps it was a pity, but per-haps it was also inevitable, that the land example was one that had already received a quite ab-normally exhaustive public air-ing thanks to Richard Cross-man's *Diaries*. Perhaps it was similarly inevitable that the civil servant most closely involved in this instance was Dame Evelyn Sharp: one sometimes wonders what on earth current affairs programmes ever did before Dame Evelyn retired and made herself available to television.

However, the earlier publicity

Dame Evelyn Sharp

was two edged: it also meant that we were able to compare the efficacy of Crossman's one-man effort in book form with Granada's team effort on tele-*vision. Being entirely one sided* Crossman's came out as the more coherent.

In the second programme the politicians involved were Sir Geoffrey Howe, Lord Carr, and Christopher Chataway and the main civil servant involved was Sir Denis Barnes. They pro-vided fewer fireworks than Dame Evelyn had managed with Fred Willey and Sir Frederick Bishop (another high ranking civil servant) in the first pro-gramme, but the absence of personal animosity did not noticeably increase the lucidity or clarity.

As I understood it the *questions to which the series* sought answers were: who influenced whom once the politicians were in power and action of some sort had to be taken in Whitehall; and what are the factors which decide whose view shall prevail.

For a time it seemed that we really were to get unequivocal answers. In the first few minutes Dame Evelyn, speaking of the views of herself and her staff on the Labour policy of a land commission said bluntly: "We didn't think it was a good idea." Later in this and the second programme it was made very clear that civil servants do—of course — have their own notions about any new policy (particularly in terms of prac-ticality since it is their job to turn policy into practice). That alone made the series well worth while.

It even began to look as though Lapping and Percy had finally managed to produce the programme which would prove to us all that politicians are so much putty in the hands of the Whitehall mandarins. Yet it never happened.

It was a bit like trying to work out the mechanism of a magic and recalcitrant clock: just as you begin to think that you have identified the line of power run-ning from the pendulum through the pawls and ratchets and cogs to the spindle, you discover that just outside your line of vision the pendulum has stopped swing-ing east and west and started swinging north and south, and that a couple of the cogs have vanished altogether.

It was—disappointingly since it was a rather more conven-tional programme — the third part entitled "An Inquiry: Is Something Badly Wrong?" which came nearest to indicating pos-sible answers to the question which, by chance, was posed so indelicately in Monday night's episode of Thames's drama about politicians, *Bill Brand* (the best original serial for a very long time): "Why do we slide around acting like shysters and milksops when it comse to turning our programmes into realities?"

The "committee" in the third *State Of The Nation* programme, chaired by Jo Grimond and taking evidence from such wit-nesses as Sir Monty Finniston and Lord Balogh, made it clear that there is not some single, simple, surgical operation which will transform Government and constitution and make them highly efficient, because there is no single simple answer to those original questions.

People who dislike television are fond of suggesting that it is responsible for politicians being held in low esteem nowadays. It seems unlikely that they are *generally held in any lower* esteem now than they ever were, and programmes of this sort must surely have the opposite effect: these three programmes showed us a collection of very well in-tentioned people whose best efforts have been confounded by the system.

The Entertainment Guide is on Page 30

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White Liars/Black Comedy

by MICHAEL COVENEY

Peter Shaffer's double bill, as e author himself claims, nounts to a complete evening's tertainment "on the theme of icks." *White Liars* is the third rsion of a piece which now azenly reveals the relationship two boys visiting a seedy strian emigre clairvoyant as mosexual. The first into roness Lemberg's tent, Frank, ants her to warn Tom (a pop nger he manages) off his girl-iend's scent by displaying full owledge of his friend's serable working class back-ound and by presaging bloody nsequences should he demur.

But Tom's personal history oves, when his turn comes, to as bogus as the Baroness's n status. He has played the le of "yob god" to Frank's ofessional conscience and, in nfronting the truth for the st time, precipitates the end a beautiful friendship (or, ther, six-month bedding rangement) as well as the spondent collapse of Baroness er crystal ball.

Draining his characters of tional pretence, Mr. Shaffer erts a Rattiganesque pressure his audience while at the me time failing to write hardly line of convincingly modern logue. Frank, for instance, is certain that, any day now, his pal is going "to carry the girl from our bedroom to his." Peter Machin and Timothy Dalton play the couple with endearing fanaticism, while Maggie Fitz-gibbon as the Baroness, no longer encumbered with Shaffer's original taped voice from the past, plays the clairvoyant as a beautiful remnant with camped-*up Elizabeth Bergner vocal* effects.

Black Comedy, with its hilarious idea of playing scenes suffering from a sudden light fuse in a full glare, was a marvellous holiday for National Theatre players 11 years ago. There is a good farcical spring, as the evening's host is expecting a millionaire to come and view his modern sculpture while simultaneously coping with the descent on South Kensington of his prospective father-in-law. Further complications set in with the necessity of removing the furniture from beneath the assembled bottoms and keeping dark another catastrophic arrival, that of an old girl-friend who charges confidently onto a bril-liantly lit stage (that is, into Stygian gloom) wearing sun-glasses which she lifts only to find herself, along with every-one else, in total darkness.

The furniture belongs to an effete neighbour (Timothy Dalton in ginger wig, puttied nose and pink shirt, so he must be, you know . . .) who con-veniently takes up the theme of *White Liars* by considering himself closer to Brinsley than Brinsley either knows or imagines.

The National production was brilliantly directed by John Dexter and played by a com-pany at the top of their form. Detail is all in a show like this, and, although Paul Giovanni's production misses few of the obvious laughs, it is not precise enough to be riotously funny. Gemma Craven is hideously squeaky as Brinsley's fiancée, which is good. Celia Bannerman is pleasantly sexy as the old flame, which is also good, but not right. I remember Maggie Smith in the part being devastatingly bitchy. Maggie Fitzgibbon as the prim Miss Furnival who dis-covers alcohol in the blackout, has some excellent moments bouncing off other people's lines: she manages a wan, stifled "Aye" on Miss Craven's call for "a little man" to fix the lights. More than the lights needed fixing, you deduce.

Sadler's Wells Theatre

Reflections

In several earlier ballets Robert North has been concerned with the problems of identity, from the fractured personality of his schizoid *Brian* to the con-frontations with a filmed "self" in *Still Life*. In his new piece for Rambert, *Reflections*, he identi-fies a series of characters sur-rounding his central Young Man (a role tremendously taken by Leigh Warren), and seeks to show how they impinge upon him, as Wife, Brother, Teacher. *So far so good, and better still* in his choice of music. This is an amalgam of two scores by Howard Blake — movements from a piano quartet and from the *Diversions* for piano and 'cello. It is music that I imagine maybe thought unfashionable: firmly tonal, very melodious and excellently crafted, it is late romantic in style; and without a cross, gritty or sour note in it, it makes for most agreeable listening.

Nadine Baylis has designed a beautiful skeletal setting of a room from gleaming metal rods, with walls that at curtain rise seem made of smoke. She lets us down rather with a glum sofa, and ever glummer dun-coloured clothes for the cast, but the in-itial stage picture is very fine. The trouble starts, though, as the ballet progresses and the characters remain mere cyphers. Pleasing as Mr. North's dances are, and pleasingly danced, they seem at a first viewing to lack development. I am not per-suaded of any driving logic behind the characters' relation-ship with the Young Man: these memories seem amorphous, less sharp in their affect upon the hero than one expects; so that the final impression of the work is more plotless than the very positive naming of the cast presupposes.

Monday evening's programme also brought back Christopher Bruce's *Ancient Voices of Chil-dren* in a magnificent perform-ance, with Mr. Bruce appearing as one of the children. No prob-lems here of lack of expressive force. The ballet is piercing in its images: Lenny Westerdijk grieving; Joseph Scoglio bereft as a child dies in his arms; the macabre humours of the mourners shrouded in their coverings as they bear a dead girl away; these are extraordi-narily moving passages in a heart-rending work that could well be described as Mr. Bruce's *Dark Elegies*.

CLEMENT CRISP

adio 3

Goehr's Third Quartet

Alexander Goehr's Third ring Quartet, a BBC commis-n, was given its first perform-ce at (and also broadcast m) St. John's, Smith Square, Monday afternoon by the ndsay Quartet. The spoken roduction to the performance s only the briefest of outlines, d so one has no idea of the cumstances in which the work s composed, the images or luences that provoked into ing; but so clear, lyrical, and oyant a first impression does make that the surmise of its ising out of a period of tran-uility or particular happiness is rd to resist.

The work is formally patterned in three movements, their tidy and familiar outlines refreshed and given new life. The first is a sonata-form movement set-ting forth a calm and shapely melody in warm triadic har-monies against later prancing triple rhythms—dense, concen-trated, often unexpected in its developments, the music never-theless maintains a remarkable lucidity and economy of texture and colour. One episode flourishes snapping pizzicatos with a piquancy and point that bring to mind the Debussy quartet, a constant reference-point (for me, if not for Goehr) for its similar qualities of euphony and reserve.

The second movement is a scherzo, resilient, witty and vivid, arousing the expectations and turning the corners into repeats in the manner of the classical model. The last move-ment is the most inventive in its adaptation of classical forms, the emotionally expansive slow introduction to the opening "rondo" material returning at the end for three clinching sequences.

The work conveys the strong feeling of tonality, of polarities rather than keys, all part of Goehr's re-evocation of the string quartet as a natural and un-strained medium for musical dis-course which can be at once thoughtful, cogent and pleasing. A beautiful work, demanding but also immediate in effect, one I look forward to hearing again at the earliest opportunity; and a bright, sure performance by the excellent Lindsay Quartet, who now need only to pay as much attention to the expressive detail of their parts (characteristic leaps, grace notes, unexpected looping phrase-ends) as they already have to tempo continuity and dramatic sweep.

MAX LOPPERT

'Total Strangers' at the Collegiate

Total Strangers, the Canadian farce that should have opened last night at the Collegiate Theatre, was delayed by the Air Canada strike. It will now open to-night.

King's Head

Alice in the Luxembourg Gardens

This play by the French playwright Romain Weingarten turns out to be two plays, *Alice*, in which a schoolgirl resentful of her mother's domination strangles her in a blanket, and *In the Luxembourg Gardens*, where the girl has a long conversation with a man who lives in a sculptured egg.

We remember M. Weingarten from *Summer*, of which half the characters were cats. Alice also pretends to be a cat when, goaded beyond endurance by her mother's insistence that she should have stopped reading and put the light out at ten o'clock, she leaps on her and silences her criticism for ever.

There are no cats in the second play, which consists of a gradual crescendo of bad temper and ends with Alice threatening Dodu, the man from the egg, with a hammer, while he abuses her as a whore. The crescendo does not seem to me to grow with sufficient consistency, the conversation is often as full of apparent irrelevance as the conversation of that other Alice at the Mad Hatter's tea-party (which, in its best passages, it somewhat resembles), but can hardly be said to follow a uniform argument throughout.

Alice is played by Lizza Aitken, ably in the second play but with-out much chance in the first. Her mother is Christabel Beijbom, a Swedish actress of some physical charm; and her interlocutor in the egg is Michael Cassidy. All three of them, with John Martin, the director, are alumni of the Ecole Jacques Lecoq in Paris. It seems a shame that they shouldn't have brought something more solid out of their experience. The *Alice* plays say little to me. Perhaps they sound better in French; but to that judgment I must add the rider that the translation is by the director.

B. A. YOUNG

WORLD TRADE NEWS

SELLING TO JAPAN

Unravelling the 'oriental mystery'

BY MARGARET HUGHES, RECENTLY IN TOKYO

SELLING to the Japanese is not the "oriental mystery" others believe, and the Japanese Government has no "mystic powers" to restrict imports says Mr. Yuguro Komatsu, vice-minister at the Ministry of International Trade and Industry (MITI).

He points to the English suit he is wearing and the Swiss watch on his wrist. A 50-a-day man, his favourite cigarettes, he says, are imported brands. And it is true—these and a large variety of other western goods are readily available in Japan—at a price. An English cloth suit can cost from Y100,000 (£200) upwards. Japanese cigarettes retail at Y150 to Y170, while American brands cost between Y260 and Y280 and British makes between Y320 and Y340. You can buy a Seiko or Citizen watch (Japan's leading makes) for as little as Y6,000 (£13) but the cheapest Swiss watch I saw in any store was nearer £80—though they can apparently be found for around £40. The goods may be in the shops but their cost, set against the domestically produced equivalent, inevitably limits their market share.

And whatever Mr. Komatsu may infer, the fact remains that the West, and Europe in particular, finds it far more difficult to penetrate the Japanese market than the Japanese do in reverse. This is reflected in the widening trade gap between the EEC and Japan which, according to EEC statistics, rose to $3.2bn. last year and is currently running at an annual rate of $4bn.

Mr. Komatsu is far more aware of the problem than his initial remarks may suggest. He admits that Japan is concerned about the imbalance, acknowledging that while exports have risen sharply in the first five months, imports have lagged behind. But, he argues, the export growth has been in traditional items such as cars and TVs and is a direct result of the upturn in consumer spending overseas, especially in the U.S. (not yet apparent in Japan itself).

Nevertheless, because Japan's main export markets also have their own domestic industries producing similar goods, he recognises that the surge of Japanese exports could present "problems" for the importing countries. These in turn could lead to "protectionism" and a diminishing market for Japan's exports. He cites as an example the British motor industry, where imports of Japanese cars have increased at a faster rate than domestic production.

MITI, he claims, is therefore watching exports "very carefully," particularly of consumer durables, "so as not to disrupt the domestic markets of Europe and the U.S." As an advocator of free trade Japan, he says, must abide by orderly marketing agreements.

But in any event he does not expect the current pace of exports to be maintained through the year. By the end of the summer, or in the autumn, Mr. Komatsu expects that imports which have been at a low point in the first quarter will increase at a faster rate than exports. He reaffirms MITI's earlier declaration that imports must be stepped up.

Raw materials

But by this he means imports of raw materials which should increase naturally as the domestic industry's recovery gets under way. Unfortunately the EEC (including Britain) does not have raw materials to sell to Japan and there is little evidence that anything practical is being done to stimulate any other form of imports.

As far as Britain is concerned, he identifies three main sectors which he considers offer the best potential for British exporters. These are consumer goods, where there have already been some notable British successes such as whisky, biscuits and men's suitings; technology, where Britain is losing out to the Americans who sell more aggressively, and the nuclear reactor field.

He emphasises that if the trade gap between the two countries is ever to be reduced Britain will have to sell far more heavy industrial equipment since they have a much higher unit value. This view is backed up by the Keidanren (Japan's CBI), whose chairman, Mr. S. Hanamura, asserts that Britain has to find something to sell "other than whisky"—still the largest single item which Britain exports to Japan.

But all this is theoretical—the sales contracts have yet to be signed. Judging by past results it is an uphill task. Ask the Japanese why and the general view is that British exporters should try harder and perhaps look at the way the Japanese themselves go about opening up a new market. The most quoted illustration is the motor industry's approach. Once a new market has been selected the Japanese manufacturer sets up services outlets throughout the country, even in remote areas, along with back up marketing and promotional campaigns. If local tastes and quality or other controls are different from their own then the Japanese company adapts its production line to meet what the market requires.

Ask a British, or any other European exporter, the same question and he will immediately throw up his hands in despair at the difficulty of selling in a market so well protected by the notorious NTB's (non-tariff barriers). Mr. Komatsu has a quick response to that accusation. Three years ago, he says, when he was director-general of the International Trade Bureau he personally investigated 12 areas identified by the British Government as those where barriers of this kind kept British exporters out of the market. But not one case did he find to be justified.

Those who know the market agree that the barriers, if they do exist, are difficult to substantiate, particularly now that Japan has completed its formal liberalisation programme. Identify any of the obvious ones, such as motors or pharmaceutical testing, food additives or the State monopoly which controls the tobacco industry and there is usually a logically argued justification made for them.

Most Japanese claim that these barriers are a myth, though some businessmen will admit that a few industries (though never their own) are protected.

Whether or not the NTB's do exist, there is no denying that Japan is a difficult market to sell in. The two major hurdles are the very real language problem and the complicated, protracted and thus expensive, distribution system.

Invaluable

To overcome the first, British businessmen have an invaluable asset in the British Export Marketing Centre in Tokyo which operates in conjunction with the BOTB's Exports to Japan Unit.

The distribution system is another story, although the government is now making attempts to rationalise it, if only to keep consumer prices down. An indication of the extent of the problem is that some industries regard the system as a useful deterrent for keeping out overseas competition.

This makes it vital to either establish one's own outlets, which is inevitably very expensive or appoint a good agent. Japanese trading houses may be an obvious answer and one which they would certainly encourage. The main disadvantage is that they will probably be handling several competitive products at one time. British-based trading houses are a better prospect but, because they have been largely neglected by British companies, they now tend to act for other European companies. Far better, then, to establish a representative in Japan for a year or so, which should be enough time to then select a good agent. For despite the initial difficulties — a market of over 100m. people, in an economy which is set for a growth rate this year of 6 per cent. and probably more, is obviously one to be part of.

U.K. prepares for talks on Japanese car imports

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE THIRD round of talks between the British and the Japanese motor industry on the current problem of car imports to the U.K. will begin next week in Tokyo.

The British deputation will be led by Mr. David Plastow, chairman of Rolls-Royce Motors and the new president of the Society of Motor Manufacturers and Traders. He will be accompanied by Mr. John Boswick, director of the SMMT, and Mr. Hugh Cownie, economic adviser.

There is no doubt that the SMMT continues to regard the high level of Japanese imports to the U.K. with great anxiety, but in the absence of being able to make out a convincing anti-dumping case against the Japanese manufacturers, it is continuing its attempt to achieve an agreement on voluntary limitations.

The last round of talks, held in London in December, resulted in a statement saying that the Japanese would hold sales in the U.K. to the levels they had achieved in the later part of last year. Although this was taken to mean that there would be a relative fall in sales in the first three months of this year (Japanese registrations were low in the last quarter of 1975), sales have stayed very much at the same level as in early 1975, and the SMMT virtually accused the Japanese of breaking their word.

However, given the ambiguity of the wording of the agreement both sides have been able to make out a case against the other, and this, no doubt, is one area which the SMMT will want to clarify.

It has become clear in recent months that, short of Government-inspired import controls, most countries would find it difficult to make out an anti-dumping case against the Japanese. The moves to do this in the U.S. have been abandoned, and within Europe no manufacturers have been willing to take action.

On the other hand, several car companies still argue that the Japanese market itself is made unnecessarily difficult to foreigners, and that some of the "hidden" tariffs — industry regulations and so on—should be withdrawn.

Strong advance by GEC

By Christopher Lorenz

NEW EVIDENCE of the improvement in British engineering exports will be made public to-day when GEC, the country's fifth largest exporter, publishes its latest results.

GEC's intake of export orders is understood to have been £466m. in the year to March 31, 1976, an improvement of 20.4 per cent. on the previous year, which itself was 15 per cent higher than 1973-74.

Export sales (or deliveries) rose by 25 per cent. during 1975-76 to £405m., it is understood, reflecting real growth as well as inflation. The previous year's figure of £324m. had been nearly 32 per cent. higher than in 1973-74.

Last year's improvement reflected particularly good results in the EEC countries, North America, South Africa, and the oil-producing countries in the Middle East and elsewhere.

Pick up in lift trucks forecast

DEMAND FOR industrial lift trucks in Europe by 1978 should be around 20 per cent. above the previous peak, says Mr. Peter Swift, marketing director Europe for Clark Equipment.

The Clark forecasts are particularly interesting because this sector provides a fairly accurate indicator of manufacturing activity in general because lift trucks are used in such a wide spread of industries.

In the last peak period of demand, in 1974, European lift truck sales reached 82,300 units, according to Clark's calculations. At the next peak, in 1978, sales should be between 108,000 and 120,000 units for Western Europe as a whole.

This would represent a significant slowing down in the average annual growth rate the sector has seen in the past when it was around 12 per cent. a year.

But the recession had such a savage impact on industrial truck sales in 1975—when they slumped by more than one-third on the 1974 level to only 54,000 units—that "it is hard to see how the industry could resume the rhythm it lost," says Mr. Swift.

He believes the industry can look forward to boom conditions again from the second quarter of next year and through into 1978.

Clark is expecting the next demand peak to be a very sharp one and for it to come down again very quickly. It supports the theory that demand throughout manufacturing industry will overtake supply, there will be a revival of inflation problems, industry will again run into cash flow problems and orders will dry up.

Clark is currently expanding its plant at Mulheim, West Germany, and expects the DM60m. (roughly £13m.) scheme to be completed to coincide with the upswing in demand next year. Capacity at Mulheim, which assembles diesel and gas powered trucks at present and will also begin building some electric trucks, will be trebled from 3,600 to 12,000 units a year.

After working at nearly full capacity during 1975, production at Mulheim was cut back by around one-third during the first four months of this year by shutting down operations a few days a month. At present the plant is working at 75 to 80 per cent. capacity and the plan is for it to be at full-capacity working in the third and final quarters of 1976 in preparation for the upturn.

Go-ahead for Greek airport

By Our Own Correspondent

ATHENS, June 29.

THE GOVERNMENT has decided to build a new international airport at Spata which will meet the air traffic needs of Athens beyond the year 2000. An international tender will be held soon for the feasibility study for the project.

The decision to select Spata as the location for the new airport was taken during a ministerial meeting under Premier Constantine Karamanlis last Saturday. It was based on studies prepared by Aeroport de Paris and Flughafen Frankfurt Main AG.

The area, which lies 20 kms west of Athens, was chosen over 18 other possible sites. The new airport will replace the present one which is only 10 kms from the capital but is hemmed in by built-up tourist areas, mountains and the sea, making further expansion impossible.

Belgrade eases curbs

BY A. LEBL

BELGRADE, June 29

WITH TRADE figures improving, the trade deficit already halved compared to last year's, Yugoslavia has been easing import restrictions. The balance of payments position is relatively good and foreign exchange reserves are at a record level. A further easing of restrictions is likely and in accordance with the Helsinki resolution it will now be possible for foreign banks and companies to open offices in this country. This was disclosed in recent interviews by Dr. Emil Ludviger, Federal Secretary for Foreign Trade, and Dr. Branko Colanovic, Governor of the Central Bank.

Rising exports

As of June 21 exports this year had increased 17.5 per cent. compared to the same period of last year, from $1.807bn. to $2.214bn. Imports however were reduced by 14.7 per cent. from $3.705bn. to $3.161bn. The trade deficit was thus reduced from $1.898bn. to $947m. Especially important is the drop in the deficit with Western countries, from $1.57bn. to $514.7m. Exports to Western countries increased their share in the total from 26.5 to 42.1 per cent and imports fell from 61 per cent. to 55.3 per cent.

In view of the fact that invisible earnings more than compensated for the trade deficit the balance of payments is back in the black for the first time in three years. Foreign exchange reserves at above $2bn. are also at an unprecedented level for this country. Foreign debt at around $6,300m. is bigger, but its structure has improved and the debt servicing amounts to some 14 per cent. of export earnings, compared to 18 per cent. in 1975.

The Federal Government has adopted new measures to reflect their improved situation. The amount of foreign exchange available for imports of machinery and equipment will be increased. New projects will be able to submit requests for imports of raw materials six months before starting operations. There will be less red tape in import procedures with the number of documents required being reduced from 15 to five. Imports of consumer goods will also be increased.

S. African consultancy

Financial Times Reporter

DE VILLIERS and Schonfeldt, a South African advertising agency, has opened a London office, De Villiers and Schonfeldt Export Promotion Division. It has also organised the first of a series of conferences, sponsored by the London Chamber of Commerce and by the World Trade Centre highlighting the opportunities for investment in South Africa, particularly in the Bantustans (Homelands).

Resident London director is Mr. Jacques Lorraine, whose role is to act as a consultant to South African exporters wishing to enter the European Common Market and offering potential European exporters tactical information concerning the complexities of the South African market.

Abu Dhabi survey

The Swiss company Electrowatt is to conduct an industrial survey of Abu Dhabi in preparation for a three-year development plan which is to be launched at the beginning of next year, Reuter reports from Abu Dhabi.

AMERICAN NEWS

U.S. economic index shows biggest rise in ten months

BY DAVID BELL

WASHINGTON, June 29.

THE U.S. index of leading economic indicators continued its upward trend last month, increasing by 1.4 per cent, the highest monthly rise since last July.

The index, which groups several key sets of indicators in an effort to project future developments in the nation's economy, now stands at 109.2, but the 1.1 per cent. rise originally reported for April has been revised downward to 0.7 per cent.

Last month's sharp rise in the index is likely to be cited by the Federal Administration as further evidence that the current economic recovery is continuing in spite of the recent rash of slightly worrying statistics. On Saturday in Puerto Rico Mr. Alan Greenspan, Chairman of President Ford's Council of Economic Advisers, went so far as to admit that second quarter GNP growth may be well below 5 per cent., in marked contrast to the surge in growth during the first quarter.

Six of the 11 indicators rose in May, including the average work-week, building permits, new orders in 1967 dollars and the index designed to show changes in sensitive prices. Two others were unchanged, and of the three that fell the most worrying continues to be orders for new plant and equipment which are still at a relatively low level with no sign yet of the increase in capital investment that is almost certainly going to be needed to keep the recovery going through next year.

The level of consumer confidence is therefore clearly going to be very important through the summer. In its latest report of attitudes in the three months ending in May the authoritative University of Michigan survey shows that confidence as measured by its index has dropped 2.3 per cent., principally because lower income families do not appear in any way to share the confidence about the recovery to be found among those earning more than $15,000 a year. Lower income families are pessimistic, reluctant to spend much on new durable goods and notably more worried about a recurrence of inflation.

The survey also contains no encouragement for President Ford, since it reveals that all groups continue to give his Administration little or no credit for whatever improvement may have taken place. Many of those interviewed continued to stress the need to save against future inflation and continued to have "persistently unfavourable long-term expectations about the economy and widespread lack of confidence in the Government's economic policies."

Meanwhile the federal reserve Board has published for the first time a new index designed to show where bottlenecks may be developing in the supply of key raw materials for industry. This "materials utilisation index" indicates that textiles, paper and chemicals are now being used at a rate close to the 1973 peak of the last boom when supply lines began to lengthen. But metals, most other raw materials, and durables, are not yet close to this point, and for materials as a whole the index shows that utilisation is still far below the 1973 peak.

Argentina plans second reactor

By Hugh O'Shaughnessy

AS PART of an ambitious plan to stimulate nuclear technology the Argentine National Atomic Energy Commission (CNEA) has announced plans for the construction of a plant to produce heavy water. The plant which will be built with the help of the Litoral University of Rosario is to be sited on the River Limay in Patagonia.

The plan foresees an increase in production of uranium from local ore deposits in the provinces of Mendoza, Salta and Chubut. By 1978 it is hoped that prospection will be carried out at the rate of 30,000 square kms a year. In 1979 a uranium oxide plant should be productive while by 1980 the pilot plant for heavy water production should be working with the aim of achieving an output of 400 tons a year by 1984.

In 1981 it is planned to have operating an installation for the storage of nuclear wastes.

Argentina has one nuclear power station in operation, built by Siemens at Atucha, and four others in various stages of construction. There are two research reactors near Buenos Aires and a third in the southern Andean resort of Bariloche. Argentina is to provide technology for the construction of a nuclear reactor in Peru.

Argentina has opted for natural rather than enriched uranium processes for the production of atomic power, giving importance to the fact that the former make the country less reliant on imported materials. Successive Argentine governments have, like Brazil, held out against signing the various international nuclear non-proliferation treaties.

The intensified programme announced this week by Capt. Carlos Castro Madero, head of the CNEA, has as one of its principal objectives the attraction back to Argentina of many nuclear scientists who have left the country in the various political upsets and university purges which have occurred over the past decade.

Tax move could hit Teamsters

BY JAY PALMER

NEW YORK, June 29.

THE U.S. Internal Revenue Service was widely reported this morning to have revoked the tax-exempt status of the Teamster's Union's largest pension fund. If upheld by the courts the action, reportedly taken because of alleged mismanagement and questionable loan practices by trustees, could could cost the fund millions of dollars in back-tax payments. The IRS has refused to deny the reports.

The New York Times to-day said the $1.4bn. fund, which is also under investigation by both the Justice and Labour Departments, was told late last week that the revocation of tax-exempt status was retroactive to 1965. The IRS has the authority to file tax liens against the trustees to collect owned taxes.

A spokesman for the pension fund, whose full name is the Central States South-east and South-west Areas Pension Fund to-day refused to comment on any IRS moves. However, it is noted that any such removal of tax-exempt status can be challenged both in IRS administrative hearings and the courts.

The Revenue's action which would be the most sweeping yet taken by any federal agency against the union, stems primarily from special hearings held last year by the Labour Department when Mr. Frank Fitzsimmons, president of the International Brotherhood of Teamsters, and five other trustees were questioned under oath about the union's "questionable loans" to enterprises that have paid neither interest nor principal in years.

As a result of those hearings, the New York Times suggested to-day, the Labour Department is now considering a civil action in federal courts to remove several trustees. The Justice Department is also said to be continuing criminal investigations which could ultimately result in charges against trustees.

According to the newspaper, Labour and Justice Department investigators have uncovered many cases of union loans being made to favoured Teamster businesses in real estate and gambling. Evidence has also apparently been discovered of payments to union officials who approved loans that were made with little assurance of repayment.

Ruling compounds busing muddle

BY OUR OWN CORRESPONDENT

WASHINGTON, June 29.

THE U.S. Supreme Court yesterday issued another major ruling about busing which is likely to do very little to resolve the legal muddle that now surrounds the issue.

In a six-to-two decision the court said that the Pasadena school district in California, which has already implemented a court-ordered busing scheme, is not obliged to keep altering it year after year in order to maintain racial balance as the population of the school district changes.

The justices said that a federal judge who had insisted that Pasadena continue to change its busing programme annually had exceeded his authority and that once Pasadena had demonstrated its real commitment to end de facto segregation it could not be expected to go on "tinkering" with the problem indefinitely.

But this latest ruling raises more problems than it solves since it does not lay down how long a school district must stick to one busing programme nor does it precisely say what should happen in the event of large population shifts which can, and in some cases have, led to a more segregated school system than before busing was originally introduced.

The court is bound to have to return to the issue and clarify it further in the months ahead as lower court judges try to implement the new ruling.

SEC seeks safeguards

BY OUR OWN CORRESPONDENT

NEW YORK, June 29.

FOREIGN bankers and investment advisors in New York were this morning busy trying to assess the implications of the U.S. Securities and Exchange Commission's demand yesterday for "better tools" to catch foreign individuals and institutions who violate U.S. securities laws.

In a report to a Congressional Sub-Committee, the SEC chairman Mr. Roderick Hills stressed that it was much harder for his agency to investigate foreign securities transactions which originated abroad.

Mr. Hills asked for legislation giving U.S. federal courts powers to impose tough restrictions on non-resident owners of U.S. securities if they failed to comply with SEC investigators. These restrictions, he suggested, could include the suspension of voting rights, impounding of dividends and ultimately the confiscation of stocks.

More seized in Jamaica

KINGSTON, June 29.

JAMAICAN security forces yesterday arrested 30 people, bringing to 65 the number detained since the state of emergency was declared here nine days ago.

All the detainees are being interrogated by security forces, who were given powers to arrest and detain anyone suspected of being a threat to public order and safety.

The emergency was declared by the Government in an effort to halt a wave of violence, which has claimed over 160 lives, including those of 19 policemen, since January.

Reuter

Political shooting

BUENOS AIRES, June 29

AN Argentine executive of the French-owned Renault car company was shot dead to-day by presumed guerillas, the company said.

AP-DJ

THE MEXICAN PRESIDENTIAL ELECTION

Why the vote still counts

BY ALAN RIDING, MEXICO CITY CORRESPONDENT

MEXICO'S long-ruling Institutional Revolutionary Party is in a state of nerves about Sunday's elections, even though its nominee, Sr. Jose Lopez Portillo, is the only official candidate for the presidency. Not only is a high level of abstentions predicted, but the Party may also lose an unprecedented number of seats in Congress and perhaps even its absolute majority of votes in Mexico City.

The survival of the 47-year-old system is not at stake. Since the Government continues to control all instruments of power, including the electoral machine, some tampering with the results can even be expected before they are shared with the public. But for party politicians, the issue is legitimacy and not survival. And no matter what results are announced, a combination of abstentions, opposition votes, and void ballots could signal a serious erosion of the party's popular base.

Over the past 15 years, in fact, support for the party has been slowly shrinking. Abstentions rose from 31.5 per cent. in 1961 to 36.2 per cent. in the 1973 congressional elections, while the party's votes as a share of the total electorate dropped from 61.6 per cent. in 1961 to 45 per cent. in 1973. In Mexico City during the last elections, the party, known as the PRI, won only 1,254,000 votes against 1,145,700 for the opposition, plus a huge 439,400 invalid votes.

The party's fear, then, is that this trend will not only be maintained on Sunday but will be accentuated by the fact that Sr. Lopez Portillo has no official opponent. Of Mexico's three nominal opposition parties, two — the Popular Socialist Party and the Authentic Party of the Mexican Revolution—have endorsed the PRI choice, while the third—the right wing National Action Party—could not agree on a presidential candidate. The small Communist Party nominated a veteran labour leader, Sr. Valentin Campa, but his votes will be considered void—though carefully analysed by party experts in private—since his party is not officially registered. As a result, elections for president at least will be a direct test of the popularity of Sr. López Portillo and, perhaps even more, of the outgoing president, Sr. Luis Echeverria.

Sr. Lopez Portillo has followed tradition by campaigning energetically for votes around the country. The PRI recently announced the results of his effort: during 221 days, the candidate travelled 60,000 miles, visited 924 cities, towns and villages, attended 453 political meetings, made 1,550 speeches, and received 132,400 petitions.

Because of Sr. Echeverria's evident determination to hold on to power until—if not beyond—his last day in office, Sr. Lopez Portillo has been reluctant to speak out clearly on many of the pressing issues facing the country. He has talked rather of the need for more efficiency, honesty, organisation and productivity in Mexico, but his political image has remained barely visible in the shadow of Sr. Echeverria. The considerable popular fatigue with the Echeverria regime may, therefore, reflect badly on Sr. Lopez Portillo on Sunday.

A poor performance by the PRI in the elections for the 64 Senate seats and the 194 places in the Chamber of Deputies, in which opposition parties are running many candidates, will further erode the political position that Sr. Lopez Portillo will inherit in December. Yet, as a former Finance Minister with little political experience or support, the incoming President may have no choice but to lean on Sr. Echeverria and his group in order to sustain his new administration. The extent to which Sr. López Portillo can be his own man and even stand up to Sr. Echeverria will therefore be partly determined by the results of the popular vote and the degree of legitimisation of his Government.

> The PRI functions "more as a Ministry of Elections for a self-perpetuating political bureaucracy than as an ideological lobby."

It is already apparent that the present party structure is doing little to bolster faith in what Sr. López Portillo recently called "this clean, pacific, tranquil and exemplary electoral process within a framework of the most authentic democracy." Even though the PRI has won every vote for President, Senator and State Governor since 1929, it is not a party in the traditional sense, functioning more as a Ministry of Elections for the self-perpetuating political bureaucracy than as an ideological lobby. Of the three official opposition parties, only the National Action Party is openly critical of the system, although its own position is too confused to attract much more than the albeit considerable anti-Government protest votes.

Outside these four organisations, several groups of the Left have been trying to form new political parties from the ruins of the 1968 student movement. But while Sr. Echeverria has tolerated and even encouraged their activities as a means of institutionalising popular dissent, the Government has not registered any of them as official parties. In fairness, the divisions on the Left are so great that no single group was large enough to fulfil the legal prerequisites for registration, although the regime's decision is of course guided by political considerations as much as by the law. Politically, the registration of any one Marxist party might just unite the Left behind that banner—a risk the regime is unwilling to take. The decision to avoid this danger has therefore ensured the disarray of the Left. For Sunday's elections, the Communist Party wants a write-in vote for its unofficial candidate, the Socialist Workers' Party wants followers to spoil their votes by placing a sticker—"For a Government of the Workers"—on to the ballot papers, and the Mexican Workers' Party is calling for outright abstention.

In the long run, Sunday's elections, in which 25.9m. people may take part, could force a change of Government strategy to strengthen faith in Mexico's peculiar form of democracy—with neither Government nor opposition parties stirring enthusiasm or attracting new votes, fresh parties will have to be created to serve as safety valves. The alternative, to which the system can always resort, is greater authoritarianism. But one of the secrets of its longevity is the system's basic — though often slow — responsiveness to popular sentiment, without which the myths of revolution, agrarian reform and, now, social democracy could not be sustained. It is for this reason that Sr. Lopez Portillo stomped around the country seeking the popular vote: that elections are being held on Sunday, and that details behind the predictable result do somehow matter.

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Pretoria admits guerilla move deep in Namibia

BY GRAHAM HATTON

JOHANNESBURG, June 29.

NAMIBIAN guerillas have penetrated south of Owambo. While this had been suspected for some time, it was confirmed for the first time to-day in a statement in Pretoria by a top-ranking army officer. Brigadier Ben Roos, Army Director of Operations, said that security forces were "hounding" a group of about ten guerillas to the south of Owambo.

One member of the group was killed on Monday in an ambush. One security force member had been wounded in the leg and a tracker wounded in his foot.

"This band is very tired and has already abandoned some equipment," said Brigadier Roos.

He explained that recent security forces operations in Owambo, which resulted in the deaths of 23 guerillas, had caused them to disperse to the north. He claimed the inhabitants of Owambo had been intimidated by the guerillas, who had forced them to provide food and shelter.

The following list of recent security force operations was given:

June 10—Three terrorists killed in a skirmish. The remainder of the group fled to safety across the Angolan border. A fourth terrorist was killed and another wounded in a separate action.

June 16—Five terrorists killed and one security force member lightly wounded.

June 20—Two Swapo (South-West Africa People's Organisation) members killed in an ambush. Weapons were confiscated and an ammunition dump located and demolished.

June 24—Four terrorists killed in a skirmish. Security forces located a base and seized Russian ammunition and medical equipment.

June 27—Seven terrorists killed.

June 28—Two Swapo men shot dead in an ambush.

OAU likely to call for pact on mercenaries

PORT LOUIS, June 29.

THE ORGANISATION of African Unity (OAU) is likely to ask all its 48 members, the U.N. and the Conference of Non-Aligned Nations to adopt a convention on mercenaries which would categorise them as common criminals.

The draft convention was tabled by Angola, which has sentenced 13 mercenaries who fought on the losing side in the Angolan civil war to penalties ranging from death to between 16 and 30 years in jail.

The proposed convention which has gone to the drafting committee of the OAU foreign ministers meeting here in Mauritius, says mercenaries should not be entitled to prisoner of war status and should be tried as common criminals. Each contracting state should enact legislation to bring mercenaries to trial or send them for trial to the country where they operated, the document adds.

The convention is expected to be adopted by the foreign ministers before they end their meeting here to-day or to-morrow.

Reuter

Stewart Dalby adds: This afternoon the foreign ministers were working on a resolution dealing with the legality of South Africa.

According to Mr. Peter Onu, the organisation's official spokesman, the body was considering a paper presented by the African National Congress and the Pan-African Council, the two banned black South African political parties. The two groups have a big representation here and have made the case that South Africa is illegal because blacks were not consulted when the union was formed in 1910. South Africa is still technically a colony, the two congresses claim, and should be treated as every bit as illegal as the Rhodesian regime of Mr. Ian Smith.

UPI reports from Luanda: Angola President Augostino Neto has decided against making a quick decision on whether to confirm or commute the death sentences levied against four mercenaries. The President was quoted as saying that he would weigh internal and international reaction before arriving at his judgment.

This appeared to preclude any decision being made until President Neto returns from the OAU meeting. The U.S. and British lawyers involved with the trial had sought a meeting with the President to appeal for mercy.

Indian oil industry plan

BY K. K. SHARMA

NEW DELHI, June 29.

INDIA'S Petroleum Ministry has decided to restructure the oil industry, 95 per cent. of which is state-owned. An official statement says re-organisation of oil companies is necessary to make best use of assets and to maintain a high standard of service to consumers.

There are eight companies engaged in refining and marketing operations. These include Indian Oil, Bharat Refineries, Hindusthan Petroleum, Caltex and Assam Oil. There are two exclusively refining companies—Madras Refineries and Cochin Refineries—which market their products through Indian Oil.

Indo-Burmah Petroleum is a marketing company which sells Indian oil products. In addition, Indian Oil Blending, wholly-owned subsidiary of Indian Oil, blends lubricants and makes greases. Except for Assam Oil, all private companies started as marketing operations by importing petroleum products. They set up refineries in the 50s.

When crude was discovered, Indian Refineries was formed as a public sector unit to construct refineries in 1958. Indian Oil was formed the next year to market the products. The two were later amalgamated.

The Petroleum Ministry's objective in wanting to rationalise and restructure the industry is to make best use of investments and facilities of all the companies and to achieve major economies of scale, keeping in view the needs of operational efficiency and service to the consumer.

The Government owned Oil and Natural Gas Commission, which explores for and produces oil both on land and offshore, is expected to remain intact although there is likely to be some internal reorganisation in the light of recent developments in offshore oil fields.

The other companies are expected to be reorganised on a regional basis by mergers.

Reuter adds: Formal arrangements for the import of at least 2m. tonnes more of Iranian crude this year are expected to be finalised shortly, Samachar, the Indian news agency reported to-day.

This is in addition to the 2.6m. tonnes of crude being supplied by Iran to Madras Refinery.

Jakarta accepts E. Timor

JAKARTA, June 29.

THE INDONESIAN Government announced on Tuesday its acceptance of an East Timorese petition for the merger of the former Portuguese colony with Indonesia and said that the move would be legalised in a law to be ratified by Parliament, reports UPI.

The announcement, read by Information Minister Mashuri, after a plenary Cabinet meeting, said that President Suharto took the decision on the basis of the conviction that the petition—recently formulated by the East Timor Popular Assembly and presented to the Indonesian Government—reflected the true wishes of the population of the former Portuguese colony.

"On this basis, the President positively regarded and accepted the declaration of integration of the people of East Timor," the statement said.

According to Mashuri, Suharto was expected to consult with Parliament Speaker Adham Chalid on Wednesday. The actual merger, he said, would not be realised until the passing of the law because the constitution did not provide for inclusion of territory other than what formerly made up the Netherlands East Indies.

Reuter reports: Official sources here said President Suharto is expected to hold talks with Indonesian Parliamentary leaders to-morrow on the draft bill, which is expected to be adopted by Parliament next month.

This would enable the merger to take effect on August 17, Indonesia's National Day.

Uranium increase forecast

JOHANNESBURG, June 29.

A steady increase in uranium output can be expected in South Africa to a level of 6,000 metric tons or more a year, said Mr. R. S. Lawrence in his annual presidential address to the Chamber of Mines to-day.

This increase is in response to a rise in world demand and improved prices that became evident two years ago. Last year Chamber members produced 2,809 metric tons of U-308.

On the future of gold, Mr. Lawrence said the price of $126 an ounce obtained at the International Monetary Fund's first gold auction on June 2 and the extent of the over-subscription together established a monetary demand for gold.

The demnd potentia revealed should largely dispel the uncertainty among investors which beset the gold market after the initial announcement of the auction last August, he said.

Estimates of world purchases of gold in both bullion and coin fell to 403 metric tons last year compared with 800 tons in 1974, but demand for gold for jewellery and other industrial uses increased from 454 to 721 tons.

AP-DJ

Ten killed in Tehran gun battle

TEHRAN, June 29.

IRANIAN security forces to-day killed 10 guerillas, including two women, and wiped out what they described as the headquarters of "Communist terrorists in Iran" in a four-hour gun battle here.

A dramatic account of the battle between the gunmen and the security forces, broadcast by Radio Iran, said captured documents showed the gunmen's hideout was the "headquarters of Communist guerillas in Iran."

In addition to large quantities of arms, ammunition, explosives and money, the authorities also found in the hideout $US20,000, which the radio said, was the "balance of money received from Libya."

Urban guerillas have been active against the Iranian Government for some time. Only last month the authorities accused Libya and the Marxist Popular Front for the Liberation of Palestine (PFLP), led by Dr. George Habash, of helping the guerillas with cash and arms.

Earlier to-day the authorities reported that a woman, Maryam Shabi, was shot dead in a gunfight in Tehran at the week-end. She was described as an accomplice of Farhad Farjad, who last month blew up a Labour and Social Welfare office in Meshed in north-west Iran.

In another gunfight in Tehran last Wednesday, the security forces killed three alleged terrorists, including two women.

Reuter

Lebanon Left threatens 'total war'

BY RICHARD JOHNS

A FINAL showdown between the Lebanese Right and Left was in prospect last night as the Christian militias intensified their efforts to bring about the submission of the Palestinian refugee camp at Tel el Zaatar and continued the seige of the neighbouring one at Jisr al Pasha.

Amid some of the fiercest fighting of the civil war, Mr. Kemal Jumblatt, the leader of the Lebanese Left, threatened a "total popular war" which would end all prospects of a political settlement. At a Press conference Mr. Salah Khalaf, the second-in-command of Al Fatah, declared, that the Palestinians' two isolated outposts in the Christian enclave would be refended "no matter what the cost."

Children queue for water from a hose in west Beirut. Supplies have been cut for several days, causing fears of epidemics.

Assault

Underlying the gravity with which the leading Palestinian guerilla group regarded the Christian assault, Mr. Khalaf—otherwise known as Abu Iyad—asserted: "I swear to my people that Tel el Zaatar and Jisr al Pasha will never fall." If the camps were lost there would be "all out war."

Yesterday evening the resistance of the camps was reported to be weakening and that they were in imminent danger of falling to the right-wing militias. Eye witnesses confirmed that the Phalangists had captured a strategic hill over-looking the camps and raised their flag, while Mr. Khalaf acknowledged the Palestinians' loss of a village adjoining Tel el Zaatar.

In itself the attack on the camps, which began nine days ago, amounted to a major provocation to the Left and the Palestinians. Like the one early in January that escalated the civil war and brought about the first Syrian intervention, it could be aimed at consolidating the predominantly Christian enclave prior to a formal declaration of partition.

Certainly, one objective was to discourage the withdrawal of Syrian troops that had been decided upon by the Arab League meeting in Cairo three weeks ago. Not only has it been successful in doing this, but also in stalling completely the joint pan-Arab mediation effort.

Mr. Abdesalam Jalloud, the Libyan Prime Minister, whose mediation has been central to efforts at establishing a pan-Arab peace-keeping force said in Beirut yesterday that the right-wing leaders were "digging their own graves" by their attack on Tel el Zaatar. Speaking at the same Press conference as Mr. Khalaf, he also criticised Syria for not withdrawing its troops as had been scheduled.

Showing clearly his sympathy with the Left and the Palestinians, the Libyan Premier said that he had postponed a meeting with the right-wing leaders until another ceasefire had been declared and the Christian militias had returned to their original positions.

The battle for the refugee camps has delayed the arrival of the Saudi Arabian and Sudanese contingents of the joint Arab peace-keeping force. They were expected to arrive yesterday to reinforce the 1,000 Libyans and Syrians (the latter wearing pan-Arab insignia) units which are stationed ineffectually around the airport.

Foreign Ministers of member states have been summoned by the Arab League to attend a meeting in Cairo to-night to discuss the deterioration in Lebanon that has stalled—apparently to the point of rendering futile—the "pan-Arabisation" of the mediation set in motion at the earlier emergency conference on June 8-9.

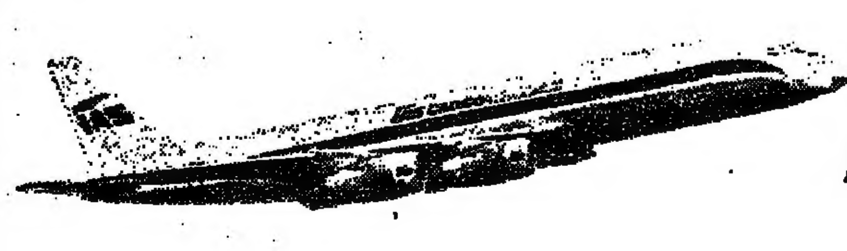
Syria's ambivalent attitude has led to charges from the Lebanese Left and the Palestinians that it is conspiring with the Christian extremists. It was just as the Syrians began their withdrawal under the terms of the truce negotiated by Mr. Jalloud that the "Tigers" militia of Mr. Camille Chamoun's National Liberal Party began to inveigh the camps. They were later joined by the Phalangists, the biggest of the Right-wing militias.

Mr. Jumblatt yesterday charged that it was no coincidence that the attack started at the start of the Syrian pull-back. Echoing the guerillas he went further in alleging that the Syrians were cooperating with the Christian Right in trying to crush the Palestinian commando movement.

Assisted

Although not directly involved in the fighting in Beirut's suburbs, the Syrian forces in Lebanon have assisted the Right-wing Christian militias by not withdrawing from their positions near Sidon and at Sofar in the hills to the east of the capital. By remaining there, they have evidently held down Palestinian guerilla strength which might otherwise have been thrown into the fray.

ON OTHER PAGES



Nine approve programme to combat terrorism

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT LUXEMBOURG, June 29.

A SIX-POINT programme to promote closer inter-governmental collaboration in the fight against international terrorism was agreed by EEC Interior and Justice Ministers at a meeting here to-day.

The programme calls for expanded exchanges of information and technical expertise between the Governments of the Nine, both on a routine basis and to deal with specific incidents of terrorism. It would also provide for the exchange of police personnel to facilitate understanding of the methods in use in different countries.

Rome summit

The agreement stems originally from a British initiative proposed by former Prime Minister Sir Harold Wilson at the Rome summit of EEC heads of Government last December, though it is understood that several other countries, notably Germany, made significant contributions to it.

In a formal statement, the EEC Ministers said they had concluded that "the resurgence of organised crime at an international level—and especially of terrorism—calls for a concerted international response. To this end, the Ministers agreed on the need to intensify on a systematic basis the co-operation which already exists among the relevant authorities in member states".

As a first step, the Ministers agreed to pool information on past acts of terrorism and to exchange technical information on police operations. They also agreed that in the event of specific acts of terrorism, the countries concerned should provide each other with mutual assistance.

The programme stresses the desirability of an exchange of police personnel between the Nine to permit greater knowledge of the operating methods in different countries: there should also be closer collaboration in police training programmes.

It has also been agreed that member Governments should work more closely together in other areas of general security, including commercial aviation, nuclear security and natural or accidental catastrophes, particularly fires.

At to-day's meeting, the first by Interior Ministers since the Rome summit six months ago, Britain was represented by the Home Secretary, Mr. Roy Jenkins.

This is the first time that Mr. Jenkins has attended a meeting of his EEC counterparts since he took up his Home Office post. But he has apparently not taken the opportunity to discuss wider community affairs here in advance of his expected nomination next month as the new president of the European Commission.

Working parties

The task of implementing to-day's anti-terrorism agreement has been assigned to a number of working parties made up of representatives of the member Governments. Ministers are expected to meet again early next year to review their progress.

After to-day's meeting, it was emphasised that the new programme is not intended to impinge on the anti-terrorism operations already being conducted through international organisations such as Interpol, but rather to improve the existing channels of communication between EEC member Governments.

Gibraltar proposal rejected

By Joseph Garcia

GIBRALTAR, June 29.

BRITAIN has turned down far-reaching constitutional proposals from Gibraltar saying that it would be wise to avoid innovations that might make the development of a more favourable Spanish attitude to Gibraltar less likely.

At meetings last week in London between Foreign Office Minister Mr. Roy Hattersley and Gibraltar's Chief Minister Sir Joshua Hassan, and leader of the opposition, Mr. Maurice Xiberras, the British Government drew attention to the fact that Gibraltar's difficulties in recent years

Explosion in West Germany

By Guy Hawtin

DUSSELDORF, June 29.

AN EXPLOSION rocked the ethylene oxide plant of Chemische Werke Huels this morning. Eight workers were injured and the works—which supplies 30 per cent. of the West German market—was put out of action for about two months.

Professor Karl Moenkemeyer, chief executive of the chemical concern, said that the damage would cost the company "several million Deutschemarks." The explosion is also expected to affect production of ethylene derivatives.

New UN move on Cyprus

By Our Own Correspondent

NICOSIA, June 29.

THE UNITED NATIONS special representative in Cyprus, Mr. Perez De Cuellar, announced to-day that he will be visiting Athens and Ankara next month for talks with the Greek and Turkish Foreign Ministers on the Cyprus problem.

But he said no date has yet been fixed for resumption of the Cyprus intercommunal talks, deadlocked since last February.

Danish deficit

COPENHAGEN, June 29.

DENMARK posted a Kr.1.032m. deficit during May, the Government Bureau of Statistics said on Tuesday in a provisional report.

This compares with a deficit of Kr.1.937m. in March and a deficit of Kr.410m. in May last year. Agencies

Spain may receive $1bn. loan

BY ROGER MATTHEWS MADRID, June 29.

THE ALL-TIME record rise in Spain's cost of living index for last month and the international negotiations that are now taking place to pull together a $1bn. Eurobond loan to help the country over its chronic balance of payments deficit have served to highlight the economic difficulties faced by the Madrid Government.

Bank of America and Manufacturers Hanover are understood to have agreed early in June to act as lead managers for a loan package of up to $1bn. The loan was further discussed when Sr. Juan Miguel Villar Mir, the Spanish Finance Minister visited the U.S. a fortnight ago. Last week it looked as though the amount might be set at only $750m., but it appears that arrangements are now in process for it to go ahead at the full $1bn. figure.

Representatives of the managing banks are currently in Madrid finalising plans for the loan with the Spanish Finance Ministry.

Manufacturers Hanover has strong historical links with the Spanish régime and was particularly helpful to the forces of General Franco during the Civil War.

The loan is expected to be made to the "Kingdom of Spain" and to be for a five-year period. Repayments would begin after two and a-half years. The rate of interest is expected to be at 1½ per cent. over the prevailing Eurodollar rate. Apart from leading U.S. banks it is understood that some European banks have been asked if they would like to underwrite and at least one British bank may come in. The sort of sums being discussed for underwriting commitments are in the region of $50m. Spanish banks are expected to underwrite $100m-200m. of the total.

Consideration

Should the Spanish régime eventually decide to allow foreign banks to open full offices in Madrid, something denied since the end of the Civil War, it can be expected that those participating in the loan would receive more favourable consideration.

Spain's balance-of-payments deficit this year is likely to be about $3bn. coming after a deficit of nearly $3.5bn. in 1975. Reserves at about $5.2bn. are likely to be run down further during the course of the year. The foreign debt figure was stated by Sr. Villar Mir at the end of last year to be $8.7bn., a figure that he then thought was too high and was causing a heavy burden on the balance of payments through servicing charges.

Before the successful visit of King Juan Carlos to the U.S. at the beginning of this month, Spanish banks had been privately warned by the authorities to tell customers to drop any immediate plans for seeking international finance, especially on the Eurodollar market. As a result of the $1bn. loan, it is being suggested that the Spanish Government has agreed to keep overseas borrowing operations to a minimum for at least 12 months.

Meanwhile the 4.58 per cent. rise in the consumer price index for the month of May, confirmed to-day, has brought the five-month total for the year to 11.72 per cent., nearly double the rate for the corresponding period last year. It also bears out predictions that the year-end figure will be in excess of 20 per cent., compared with the 14.1 per cent. registered in 1975.

NICHOLAS COLCHESTER SURVEYS THE W. GERMAN ECONOMIC SCENE

Ready for the election market

"THE TWO strongest economies in the world shake hands," the German television commentator intoned on Sunday night as President Ford greeted Herr Helmut Schmidt before the economic summit in Puerto Rico. The German Chancellor could afford to look cheerful, for "his" economy was ending a quarter in which, once again, more was being produced by West German factories than ever before.

The month of June has brought only positive news about West Germany's part in the general economic recovery. It started with an abrupt fall in unemployment from 1,093,700 in April to below 1m. during May, a ratio of about 4.2 per cent. It continued with economic reports from the Bundesbank and two leading research institutes, all of which were almost competitive in their bullishness. It ended with an IFO survey of the mood in industry which suggested that the economy would continue to expand, though with gradually decreasing tempo, over the rest of the year.

From the economic viewpoint it would be nice for Herr Schmidt if he could hold the finely balanced general election immediately, rather than at the beginning of October. His prize marrow, the economy, is looking good right now and he must be hoping that it does not lose its richness, or the public's interest, during the next three months. June has removed the economy, at least in its cyclical aspects, as an election issue, and it has done the same, if only temporarily, to the threat of a Communist landslide in Italy. This German election campaign is now characterised by strained attempts to generate argument.

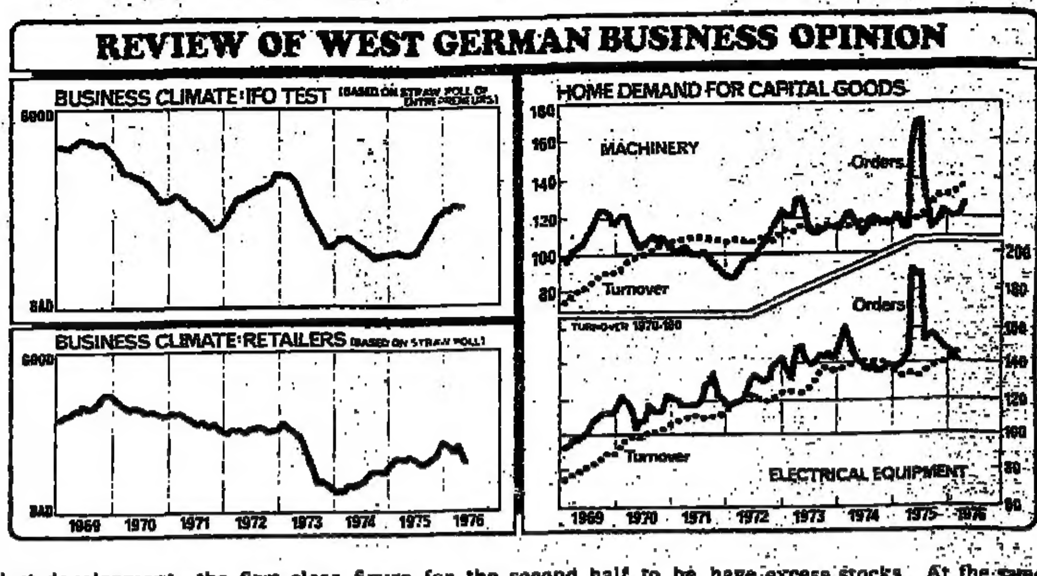
The economic soft spots remain a rather uncertain atmosphere in the retailing sector—dealt with later in this article—and unemployment that may be coming down but which is still high in absolute terms. According to IFO the expansion in West German production has reached the point where the slack in German factories has been taken up and where more people must be hired. The institute's economists expect unemployment to drop to 800,000 at the seasonal low point in September—some 200,000 less than a year earlier. So long as the trend in employment is for the better, jobs will remain a limp election issue.

It is now nine months since the German economy passed its low point. Initially, the ball was got rolling again by counter-cyclical government policies whose most obvious effect was to pull forward industry's investment orders, and by a strong pick-up in consumer demand most dramatically shown in a premature boom of car sales. Consumer demand began to relinquish its leadership in the late autumn and to be replaced by stock-building, and by a rise of export demand that took even optimists by surprise. These two elements have continued to carry the baton since, but they are now being challenged by internal demand for investment goods. It is this last development—the first clear statistical sign that industry is once again prepared to invest in the future—that has been the clincher in the past two months. It has prompted most German economists to conclude that the recovery is now "self-regenerating."

IFO's latest economic analysis reports that in March and April production was 8 per cent. higher in real terms than at the bottom of the recession at the middle of last year, and only 3 per cent. below the all-time high of autumn 1973. It forecasts that growth in the first half of this year, against the first half of last, will have been 6 per cent. for the economy as a whole, 4 per cent. for private consumption, 13 per cent. for industry's investment in new machinery, and 9.5 per cent. for exports. On the basis of slightly diminished growth in the second half of the year, IFO expects a round 6 per cent. of real GNP growth for 1976 as a whole—a figure that squares with every other estimate made this month.

Given this outlook, the economic worriers tend to concentrate once again on prices rather than on employment. This was reflected in the agenda for the economic summit in Puerto Rico. Yet West Germany has already put some of the inflationary factors for 1976 behind it and economists expect the country's year-to-year inflation rate to drop from its current rate (for consumer prices) of 6.1 per cent.

Unit wage costs have actually fallen this year as a result of a restrained round of wage increases and greater employment of capacities. The 11 per cent. increase of world raw material prices that took place between November and May was offset by the rise in the value of the Deutsche Mark by 6 per cent. so far this year. The economic institute expect the average year-to-year consumer price inflation figure for the second half to be under 5 per cent.—a degree of stability not achieved since the beginning of 1971.



IFO's economic forecasts carry particular weight because they are made with one eye firmly on the expectations of German business. The latest "test" finds that the mood in manufacturing industry improved again in May after a bout of uncertainty that was recorded in April. Companies expected further growth in production over the coming three months, but with the speed of the expansion falling off. At the same time the manufacturers talked less about price rises than they had earlier in the year.

Capital goods manufacturers—in some ways the core of West German prosperity—continued to find the level of business unsatisfactory, and particuarly the machinery makers called it "bad." On the other hand both the latter, and the makers of electrical capital goods, expected to expand production over the next quarter.

By contrast, the makers of consumer durable goods took a slightly dimmer view of the future. IFO records that this impression was conveyed most strongly in the motor car industry, so far one of the champions of the West German recovery. The institute hesitates to signal a downturn for this important sector, but it is a fact that since IFO polled industry the signs of change in the motor car business have multiplied. The latest registration figures and the rather restrained enthusiasm of car company directors at their annual Press conferences have all pointed in the same direction. Nevertheless, for the moment, the motor industry's problem remains production bottlenecks. The less positive atmosphere in the consumer durable sector in May was also reflected in the attitude of the makers of "white goods." They found that they have excess stocks. At the same time they were hopeful for a pick-up in demand over the next six months and talked less about price rises.

The cloud on the economic horizon is in the retailing sector. All through the spring the mood among retailers has been one of uneasiness. The IFO test for May found shopkeepers to be clearly less happy. Turnover in May in real terms was lower than in previous months, and there was a widespread lack of confidence in the future. Demand for short-life consumer goods has been weak all year, and May saw a recovery of demand made in April fizzle out again. In the hard-goods area the mood was characterised by a downturn in the expectation of car salesmen, with no sign of proper expansion in demand for domestic machinery. For the first time since July the long term view of the hard-goods retailers was predominantly pessimistic.

Despite this unease in the German shops, the economic institutes and IFO's own economists are not pessimistic about private consumption this year. They feel that now that the round of wage negotiations is over, and with fear of unemployment gradually receding, retail sales will continue to show solid growth. However the expansion will not match the steep pick-up of demand that occurred in the second half of last year, and the year's private consumption will be between 3.5 per cent. and 4 per cent. above that for 1975.

Army cost query for Callaghan

BY NICHOLAS COLCHESTER BONN, June 29.

THE ARRIVAL in Bonn to-morrow of Mr. James Callaghan, the British Prime Minister, is seen here as another element in triangular series of meetings between the government leaders of West Germany, Great Britain and France. It is hoped that this series, which will be completed when President Giscard d'Estaing comes to Hamburg next week, will generate some impetus for the meeting of the European Council on July 12 and 13.

The only visible threat to German-British harmony to-morrow is the possibility of sharp words over the "offset agreement" whereby Germany pays something towards the cost of Britain's military presence in W. Germany. The German line is that Chancellor Schmidt and Harold Wilson agreed at Chequers earlier this year to postpone discussion of a renewed offset agreement till after the German election. The British interpretation of the Chequers talks is somewhat different and as the pound falls against the Deutschemark and thus raises the sterling cost of the Rhine Army, the incentive to talk about offset becomes all the stronger.

Following the Puerto Rico economic summit, Chancellor Schmidt was particularly polite about Britain. He told a radio interviewer that Britain did not need additional help or advice from other industrial countries because its Government was "very aware" of the necessity of anti-inflationary policy. He said that many other Governments respected the wage agreement that the British Government had reached with the trade unions.

The themes of to-morrow's talks depend very much on what has already been cleared away in Puerto Rico, but the problem of European direct elections is one obvious topic. The meeting will also be Herr Schmidt's first bilateral meeting with Mr. Callaghan in his role as Prime Minister as it will be between Hans-Dietrich Genscher, the German Foreign Minister, and the newly installed Anthony Crosland. An added element will be the involvement in the talks of the Bullock Committee, which is studying ways of introducing more "industrial democracy" into Britain.

U.K. to urge Iceland fish pact

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT LUXEMBOURG, June 29.

THE PRIME Minister, Mr. Callaghan, is expected to impress on his fellow EEC heads of government at their "summit" meeting next month the urgency of concluding a new fisheries agreement between the Community and Iceland.

Mr. Callaghan, it is believed, will warn his counterparts that failure to reach such an agreement before the current U.K. settlement with Iceland runs out on December 1 will result in a serious risk of prompting an outbreak of a new "cod war" which could further jeopardise EEC efforts to adapt its fisheries policy.

At the same time, Mr. Callaghan is expected to seize the opportunity to press for a rapid decision by the Community on an extension of its fishing waters to 200 miles and to reiterate the U.K.'s demands for an exclusive national one of up to 50 miles.

The importance which the U.K. attaches to the forthcoming summit on July 12 and 13 as a forum in which to promote the whole EEC fisheries question emerged this evening at the end of the first day of a two-day meeting of Foreign Ministers of the Nine here.

Though fisheries policy is on the agenda at this meeting, U.K. officials do not expect that any substantive decisions will be taken here and believe that any significant progress will have to await the summit.

Though the question was touched on only briefly to-day, participants at the meeting reinforced the prevailing optimism that the EEC heads of government would be able to reach final agreement on a formula to permit the first direct elections to the European Parliament to be held by 1978.

According to British officials, President Giscard d'Estaing indicated during his State visit to the U.K. that France was prepared to take a rather more flexible line than previously on the number and distribution of seats in the future parliament.

In the official U.K. view, France will not raise any insuperable obstacles over direct elections at the summit, and prospects are good that the eventual agreement will meet British demands for adequate representation for Scotland and Wales.

Earlier to-day, the British Foreign Secretary, Mr. Anthony Crosland, gave a brief verbal summary to the Ministers of the proceedings at last week-end's seven-nation summit in Puerto Rico. This task fell to him as the next in line among Ministers from the four big EEC countries to chair the Council of Ministers when Birtain takes over the presidency next year.

Mr. Crosland was careful to emphasise that no decision was taken at Puerto Rico to hold any similar meeting in the future, though the Japanese Government is understood to have expressed considerable interest in plans for a further big power summit next year.

The meeting — and other big power economic conferences of that same type — has become a sensitive point among the smaller EEC member-countries, which have pressed unsuccessfully for formal arrangements for the European Community to be represented in such forums in its own right. It is thought likely that Denmark will weigh the whole question of Community attendance during next month's EEC summit.

There are some hopes that the current Ministerial meeting in Luxembourg will succeed in resolving the long-standing dispute over the distribution of about £800m. in Community loans and aid to a mixed bag of Mediterranean countries, including Greece and Turkey.

Efforts will also be made to set a date for the next regular meeting to review the EEC's association agreements with Greece and Turkey. These two issues must be settled before the Community can decide on a date for the start of formal negotiations on Greece's entry into the Common Market. If all goes well, this decision could be taken at next month's summit.

OFFICIAL PLAN ON LIMITS

THE BRITISH GOVERNMENT is preparing enabling legislation to declare a British 200-mile limit, Whitehall sources said yesterday, reports David Buchan. Britain is still hoping for a simultaneous declaration of intent to extend fishing limits to 200 miles by all EEC countries—but if that is not forthcoming then the enabling legislation, which has yet to be presented to Parliament, could be used unilaterally.

Italian parties plan strategies

By Anthony Robinson

ROME, June 29.

THE Executive Committee of Italy's Christian Democrat Party, which emerged from last week's elections with its position as the largest single party confirmed, meets to-morrow under Party Secretary Benigno Zaccagnini for the first time since the election to review the situation and plan strategy before the opening of Parliament on July 5. This meeting is the forerunner of a series of party meetings this week with the Republican and Socialist executives meeting on Friday when the Communist Party also holds its first central committee meeting. The Christian Democrat equivalent of the central committee, its National Council, opens on Saturday, and all these meetings will have as their common thread the contest for key posts in the 14 Parliamentary Committees which draft legislation and the two key Parliamentary posts of President of the Senate and the Chamber of Deputies.

But the Christian Democrat leadership also faces the major problem of what kind of government to try and form to replace the caretaker Christian Democrat minority Government led by Sig. Aldo Moro. The kind of government which party leaders like Giovanni Galloni and others close to secretary Zaccagnini would like to form would be some kind of Christian Democrat-Socialist axis charged with setting in train a dialogue with the Communist party over specific policy areas, particularly in the economic field, while not conceding it any government posts, but it is doubtful whether the socialist party is yet prepared to participate in exploratory government-forming talks until it has worked out its own internal problems arising from its disappointing electoral result.

Under these circumstances political circles here expect a prolonged period of intricate multi-party talks on various levels and the eventual formation of a temporary government to tide things over until the autumn.

New approach to Scottish home rule urged

BY RAY PERMAN, SCOTTISH CORRESPONDENT

STRONG CRITICISM suggesting that the Government is not going nearly far enough in granting a measure of autonomy to Scotland was made by the Scottish Law Commission yesterday.

Labour's present devolution proposals, the commission suggests, would lead to confusion and conflict between Westminster and the Scottish Assembly, to be set up under the Devolution Bill, which will be introduced in the autumn.

The comments will be a severe embarrassment to the Government. Coming from its own advisory body on the law in Scotland, they will put authoritative ammunition into the hands of both those who opposed devolution and those who feel it does not go far enough.

Instead of defining the list of powers it was prepared to delegate to the assembly—implying that power over all the policy areas not mentioned would be retained by Westminster—the commission recommends that the Government should change its whole approach.

It should specify only those areas over which it feels it must retain control.

Ambiguous

The effect of this change of emphasise would be to put onto the Government a much freer attitude to devolution than it has hitherto been prepared to adopt. It would leave the assembly much less shackled and able to seek to enlarge its own powers by legislating in new policy areas or fields which at the moment belong by default to the central government.

The commission sees trouble arising from the ambiguity in the Government's White Paper and the recent statement by Mr. Michael Foot, Lord President, announcing extra powers for the assembly.

The wide difference between Scottish and English law means that areas of uncertainty will be viewed differently from Edinburgh than they are from London, giving frequent opportunities for conflict.

There could also be difficulties where the powers of the two bodies overlap. The commission says that at present, the Scottish people are frequently required to tolerate Westminster legislation inconsistent with the general policies and principles of Scottish common law.

Harsh words

"Under a scheme of legislative devolution allowing overlap, they would presumably be required to tolerate, also, Westminster legislation inconsistent with the enacted policies of the Scottish Assembly."

The commission has some harsh words about the extent to which Scottish bodies have been consulted on legislation.

Too often, it says, consultation before decisions were reached had been overlooked, or had been too little and too late. the White Paper's description of the relationship between England and Scotland as a partnership is false and unrealistic, it adds.

It suggests there should be a formal duty on the Westminster Government to consult the assembly before decisions affecting Scotland are taken, particularly in international or EEC affairs.

CALLAGHAN BACK . . . AND OFF AGAIN

Mr. James Callaghan, The Prime Minister, with Mr. Anthony Crosland, Foreign Minister (left) and Mr. Denis Healey, Chancellor, arrive at Heathrow after their chartered British Airways Concorde trip to Puerto Rico and back for the economic summit. For Prime Minister it was a brief stop in London before his visit to Bonn to-day for a meeting with Herr Helmut Schmidt the German Chancellor. Page 6.

Highlands may lag in recovery

By Ray Perman, Scottish Correspondent

THE HIGHLANDS of Scotland and the remote islands which have been cushioned from the worst of the economic recession by the oil industry are likely to lag behind the rest of the U.K. during the recovery, Professor Kenneth Alexander, chairman of the highlands and islands development board, says in the board's tenth annual report.

Oil developments have been responsible for narrowing the gap between the economic performance of the region and that of the rest of Britain, he adds. By creating 11,500 new jobs, the oil industry had brought down unemployment from five times the U.K. level in 1965 to just over twice the national rate in 1974

Although in 1975 unemployment increased from 4.9 per cent. to 6 per cent., the rise was less than in the rest of the country.

But Prof. Alexander comments: "It is unlikely that the rate of growth of these employment opportunities will continue to grow as fast as in the past few years, nor as fast as employment in the rest of the country when the U.K. economy starts to pick up.

"Nor is it reasonable to expect that oil developments will, on their own, solve the unemployment problem. It has been shown that for every two new jobs provided in the area by oil-related developments, only one person is taken off the unemployment lists."

Bid to save 1,800 jobs at Laing yard

By Our Own Correspondent

A DEPUTATION from the Hartlepool oil rig yard of Laing Offshore left for London yesterday, in a bid to save the jobs of 1,800 workers.

The men are due to be made redundant next month when the company completes its last order, a platform for Burmah Oil's Thistle Field.

The deputation, which will see Mr. Anthony Wedgwood Benn, Energy Secretary, to-day, will ask for Government financial aid to adapt the yard for other work.

New-style select committees for future legislation urged

BY PETER HENNESSY, LOBBY CORRESPONDENT

A CALL for "new-style" Commons Select Committees to examine areas of future Government legislation is made by an influential study group of academics and Parliamentary officials to-day.

Their report, published by Political and Economic Planning, argues that consideration of contemporary issues which may lead to legislation would be a more fruitful undertaking for MPs than time spent scrutinising Government administration.

"Topics that may seem most suitable for review by MPs are those which fall outside the main areas of party controversy. But even a modest advance on these lines would strengthen the claim of the British Parliament to be a legislature"

The tone of the report is sanguine about the performance of Select Committees over the past decade. The reason for their unsatisfactory achievement had been the need to avoid party controversy for fear of the Whips intervening to preserve party loyalty.

The report goes on to claim that Select Committes had been "manipulated" by Government departments, who had angled their replies to committee reports to suit their own purposes, and by MPs themselves, who had chosen their subject matter to attract the greatest public attention.

"The impact on each committee results from the amalgam of ambition, manipulation, propaganda, enlightenment, academic discourse or sheer bloody-mindedness which surrounds it.

Disenchantment

"Over the past decade there had been a steadily growing disenchantment with the concept of specialist committees. Their reports had failed to command great attention in the House; they had made little impact on the limited section of the public that takes an interest in Parliamentary affairs."

The Select Committee on expenditure, generally judged to have been the most successful, is criticised for moving away from reviewing public expenditure as a whole towards the more itemised approach of its predecessor, the Estimates Committee.

The Select Committee on European Secondary Legislation is upbraided for its caution and for avoiding discussion of the merits of EEC proposals.

The report concludes that Commons Select Committees are undramatic bodies which have merged into the stately pattern of Parliamentary business.

Publication is timely, given the establishment of the Select Committee on procedure earlier this month which will shortly be beginning its review of the whole area of Parliamentary activity.

It is also appropriate in view of the growing discussion in Westminster about a possible merger of the public accounts committee and the expenditure committee to form a more powerful Parliamentary watchdog to scrutinise the exercise of central government.

Specialist Committees in the British Parliament: The Experience of a Decade. By members of the Study of Parliament group. Political and economic planning. Research Publications Services, Victoria Hall, Fingal Street, London SE10. £2.50.

GLC race harmony plea

BY DONALD MACLEAN

THE PRINCIPLE of racial harmony in the U.K. was supported yesterday by Lord Ponsonby, chairman of the Greater London Council.

After the recent outbreaks of racial violence in different parts of London Lord Ponsonby held talks with Sir Reg Goodwin, leader of the council, and Mr. Cutler, leader of the opposition.

The GLC, he said, expressed its "deep concern" over recent outbreaks of racial prejudice in different parts of London.

"London can take pride in its acceptance, sometimes after periods of initial hostility, of countless thousands of people from other races and creeds." It was "rightly famed for its tolerance."

HOME NEWS

Proposals for company audit committees

BY TERRY WILKINSON

PROPOSALS for the introduction of company audit committees and tighter restrictions on insider dealing and warehousing of shares, with heavy penalties for default, have been put forward in amendments to the short Companies (No. 2) Bill, under consideration in the Commons.

The Bill, a stop-gap measure while the structure of company law is under review by the Government, deals mainly with the need to strengthen the position of company auditors and tighten requirements on the filing of company accounts.

In essence, the Bill requires auditors who resign to state in writing if there are circumstances relating to the resignation which should be brought to the attention of shareholders or creditors. It confers on auditors the right to call an extraordinary general meeting of shareholders to consider circumstances surrounding the resignation.

Two-tier

A new clause amending the Bill to include the formation of audit comittees has been tabled by Sir Brandon Rhys Williams, Conservative member for Kensington. This new committee, which Sir Brandon described yesterday as a useful step towards the two-tier Board, would consist of non-executive directors, accounting for not less than half total members and non-Board appointees.

The company's auditors would be asked to attend meetings of the committee, held at least annually, but they would not be members. The committee is expected to review financial affairs of the company and to make a statement which would be attached to the balance-sheet.

A related further amendment requires directors to prepare estimates of the future course of a company's business, adequate enough, in the opinion of auditors, to allow reasonable assessment of the future profitability of the company and its financial soundness.

This latter provision, which echoes the Government's concern with the quality of financial reporting, is a matter on which the audit committee would be required to comment.

Sir Brandon takes a leaf out of the report prepared by Department of Trade inspectors into London and County Securities, which made severe criticisms of the company's auditors, by proposing that any officer of the company who knowingly gives inaccurate or misleading information to auditors would be guilty of an offence.

Further amendments proposed by Opposition members are intended to revive some of the provisions of the Conservative's 1974 Bill which lapsed after the election of that year.

They deal with insider dealing and warehousing of shares, the method whereby holdings in companies are built from a variety of undisclosed sources, and to that extent may fall outside the mainstream of the Government's Bill.

The amendment on insider dealing proposes to prohibit anyone connected with a company—which includes directors, employees or substantial shareholders—from dealing for gain in any securities of the company in the preceding six months if he is in posession of information which is not generally available, but if it were would be likely materially to affect the price. The proposed penalty for default is seven years', a fine or both.

More Home News, Page 12

World airline profits down

By Michael Donne, Aerospace Correspondent

THE TOTAL gross operating profit of the world's scheduled airline industry is provisionally estimated at no more than $400m. (£225m.) for 1975, or less than 1 per cent. of total operating revenues of $37bn. (£21bn.).

This result, the worst recorded since 1961, compares with an operating profit of 2.4 per cent. of revenues in 1974 and 4.4 per cent. in 1973. It is directly attributable to steeply rising costs which continued to affect the world airline industry in 1975.

The International Civil Aviation Organisation's annual report on the state of the industry says that it is not yet possible to say what net profit—if any—was earned by the world airline industry last year after taxes and interest.

Within the overall financial situation some airlines made net profits but many others incurred substantial losses and until detailed statistics are available the preliminary result now given is subject to a wide margin of error.

The ICAO figures show clearly that while the volume of traffic carried by the world's scheduled airlines rose modestly last year—reflected in a rise from $33bn. to $37bn. in gross operating revenues—costs also rose substantially, from $32.3bn. to $36.6bn.

Warning on rising demand

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PRESSURES of rising demand in the re-expansion of the economy may build to a greater intensity in 1976-77 than the arithmetic of the pay agreement with the TUC has allowed for according to a warning in the latest issue of the Midland Bank Review.

The policy could be at risk towards the end of the 1976-77 financial year as private spending builds up before public spending begins to fall, but there is a reasonable chance that it will survive its term with much of the planned reduction in the rate of inflation achieved, the review maintains.

It asks whether the Government has paid enough attention to demand and points out that from projections of sector financial accounts for 1976-77, embodying the expected increase in the deficit of the public sector and some improvement in the current account of the balance of payments, a potentially quite large expansionary force can be discerned, which implies a growth rate of Gross Domestic Product exceeding official forecasts.

The review believes that the economy will not reach the stage of overheating in 1976-77 and that demand will be well within the productive capacity of a fully employed labour force. The new pay agreement provides some room to absorb pressures of wage-drift and the passing on of higher import prices, but the article questions whether it leaves enough room. The rate of expansion of the money supply also may be slightly higher than is foreseen officially but not such as by itself to undermine the incomes policy.

The review says that, all in all, there is a reasonable chance that the second stage of the pay agreement will survive its term with much of the planned reduction in the rate of inflation achieved and without irreparable cracks in it which make a third stage inoperable.

FT conference to discuss North Sea oil

THE FUTURE of financial markets in Britain will be the subject of a series of panel discussions at the Finance and Scotland conference to be held by the Financial Times, with the Investors Chronicle, at Aberdeen University from July 13-15.

The conference will also deal with North Sea oil finance, and the Scottish economy in the light of the devolution debate.

The Government's views will be put by Mr. John Smith, Minister of State, Privy Council Office, with special responsibility for devolution, who previously dealt with the North Sea as a Minister in the Energy Department. The policies of the Scottish National Party will be outlined by Mr. Douglas Crawford, party spokesman on finance and industry.

Chairmen will be Mr. Jo Grimond, Liberal Party Leader, and Mr. D. W. A. Donald, general manager of Standard Life Assurance, who will also speak on investment in equities by the financial institutions.

Among other contributors on financial markets will be Mr. Charles Goodhart, Economic Adviser to the Bank of England, who will speak on Sterling and U.K. interest rates, and Mr. Colin Leach, managing director of ARIEL (transaction costs and technological change).

Yarrow payout may rise, says Minister

YARROW and Co. has reached agreement with the Ministry of Defence which allows the distribution of wholly-owned subsidiary Yarrow (Shipbuilders) Limited after-tax profits to be increased by £100,000 to £600,000 for the year ended June 30, 1975.

The Ministry also agreed to interim distribution of £500,000 for the first half of the year ending June 30, 1976, without prejudice to any second-half distribution.

● NEWS ANALYSIS — BRITISH SHOE

Clore for the defence

BY ARTHUR SMITH

SIR CHARLES CLORE, the ageing but ebullient chairman of Sears Holdings, declared at the annual meeting in London yesterday that the British Shoe Corporation would be "able to deal adequately with any criticisms."

He was quick to defend his chain of more than 1,800 retail footwear outlets against objections raised in a Government-sponsored study into the industry by independent management consultants.

The Economists Advisory Group has recommended that the Government refer British Shoe to the Monopolies Commission and suggests that the chain should be broken up into six smaller retail operations.

Feathers ruffled

Criticism is not new to British Shoe, which ruffled many feathers within the conservative and highly fragmented footwear industry with its dramatic expansion in the 1950s and 60s. A number of spectacular and often controversial takeovers saw Sir Charles build up a shoe empire embracing well known concerns like Dolcis, Lilley and Skinner, Freeman, Hardy and Willis, True Form, Manfield and Saxone.

According to the EAG report, British Shoe has a 20.8 per cent. share of the £862m. spent on footwear in the U.K. last year and has achieved a retailing supremacy in which it is some eight times larger than its closest rival.

But even the cold statistic that British Shoe owns nearly one in six of U.K. footwear outlets, understates its influence on certain sectors of the market.

The Clore empire is based on prime high street locations and can expect to cater for the mass market.

The emphasis is upon fashion and the 15- to 25-year-old age group. In such sectors the British Shoe market share is considerably higher than the overall 20.8 per cent. level.

EAG is understood to have suggested that the dominant purchasing power of the corporation may have had a distorting effect on Britain's footwear manufacturing industry.

Export efforts may have been inhibited by the fact that producers may have become geared to the teenage market and to fashions which are not internationally accepted.

Moreover, corporation policies of concentrating upon the younger market and copying styles are held to have stultified the design and flair capabilities of the British industry.

It has long been argued within the industry that the purchasing strength of the corporation may give it an undue influence on the fragmented supply industry.

Of more than 500 footwear manufacturing companies, around half employ less than 25 workers, while the largest five probably account for 30 per cent. of total sales.

British Shoe itself is a leading producer, with an output last year estimated at between 8m. and 9m. pairs—or around 5 per cent. of total U.K. production.

EAG is understood to have drawn attention to British Shoe's profits for the 13 months to January 31 this year, of more than £26m.—or a 13.9 per cent. return—and pointed out that this is far higher than the average level achieved by manufacturers.

It reports that gross margins for footwear retailing have increased faster than in all retailing, and that within the total the footwear multiples have done significantly better.

Attention is also focused on the fact that the number of footwear retailing outlets in the country has decreased much more modestly than the number of retailing outlets.

British Shoe declined last night to make any comment about the details of the EAG report as the corporation had not received the volume containing the grounds for the recommendation to the Monopolies Commission.

Steering group

But Sir Charles said: "We obviously offer the goods which the public wish to buy, in the face of severe competition from all quarters. We are a strong supporter of U.K. footwear manufacturing."

Speculation about whether the Government will take any action on the recommendation that British Shoe should be referred to the Monopolies Commission is mounting within the industry.

Four years ago the corporation dropped its bid for the William Timpson Group after the Government had announced that the issue should be referred to the Commission.

The EAG study was commissioned by the Department of Industry to support the Footwear Study Steering Group—a tripartite body representing management, unions and the Department, set up to seek a strategy for the survival of the ailing industry.

Mr. George Merriott, chairman of the group, has declared that British Shoe will be given every opportunity to state its case and that the EAG report is only one of many inputs to be considered.

The industry has suffered widespread short-time working and redundancies under the impact of a declining home market and an upsurge of imports.

Final recommendations from the steering group are not expected until the end of October and it is unlikely that the Government would consider any action over British Shoe before then.

The practicality of EAG's suggestion that the corporation's retail chain might be broken up into six separate organisations is doubtful. It is difficult to see who would be able to buy and operate such groupings.

One possibility being suggested is that, in the event of a successful reference to the Monopolies Commission, undertakings might be sought from British Shoe about its profit margins and its purchasing policy from the U.K. market.

LSE head among 14 on legal services Royal Commission

BY PETER HENNESSY, LOBBY CORRESPONDENT

MR. JUSTICE TEMPLEMAN, the High Court judge, Professor Ralf Dahrendorf, Director of the London School of Economics, and Mr. Joe Haines, former chief Press Secretary to Sir Harold Wilson, are among the 14 members of the Royal Commission on Legal Services announced by the Prime Minister yesterday.

The appointment of Sir Henry Benson as chairman of the Commission was made known in February. Its terms of reference are to consider the structure, organisation, training, regulation and recruitment of the legal profession, and remuneration of its members.

Also appointed yesterday were: Mr. Leonard Edmondson, of the Engineering Workers Union and a member of the TUC General Council; Mr. Peter Goldman, Director of the Consumers Association; Mr. Tom Harper, the legal journalist; Mr. Mark Littman, Q.C., deputy chairman of the British Steel Corporation and a member of the Senate of the Inns of Court and the Bar.

Miss Susan Marsden-Smedley, director of the legal action group Education and Service Trust; Mr. William Marshall, a company director in Northern Ireland; Mr. Peter Oppenheimer, Tutor in Economics at Christ Church, Oxford; Mrs. Sally Ramsden, past president of the U.K. Federation of Business and Professional Women.

Lecturer

Mr. Alwyn Roberts, lecturer in the Department of Social Theory and Institutions, Bangor University; Mr. David Seligman, partner of Sidney Isaacs, Seligman and Company; and Mr. W. M. H. Williams, partner of Clifford Turner.

The commission will hold its first meeting later this week. Its secretary will be Mr. J. L. Heritage, of the Lord Chancellor's Department.

Individuals wishing to submit evidence should write to the Royal Commission on Legal Services, New Court, 48 Carey Street, London, S.W.1.

Three chemical plants reopen at King's Lynn

DOW CHEMICAL, whose King's Lynn manufacturing base was damaged by an explosion at the weekend, will to-day re-open three of the six plants. Units producing polystyrene foam, agricultural chemicals and packaging materials will be brought back on stream.

Finance for 38,000 houses approved

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

FINANCE for nearly 38,000 new or improved homes throughout Britain was approved last year by the Housing Corporation, a near-repeat of the performance achieved the year before.

While the total of homes involved, at 37,775, showed a marginal increase over the previous year's figure of 37,392, the actual number of projects fell from 3,500 to 2,100. The cost of schemes approved for England alone will, when completed, be about £375m., 75 per cent. of which will be met by Government subsidy. The remainder will come from rental income.

Apart from approvals, work was last year actually underway on just over 30,000 Corporation-financed homes compared with only 16,000 in the previous 12 months. A similar target has been set for this year.

In 1974-75, the Corporation expanded activities rapidly, approving work on twice the number of homes recorded in the year before. Yesterday, however, Lord Goodman, chairman of the Corporation, described the last financial year, which ended in March, as a period of consolidation in which attention had been concentrated as much on the quality of work carried out as on the quantity.

Lord Goodman added that the capacity of the voluntary housing movement might be further reduced by the diminishing value of money.

Liverpool policy on vacant land criticised

BY ROY HODSON

THE MANAGEMENT of Liverpool's big areas of vacant land—the legacy of wartime bombing and slum clearance—is criticised in a study published by the Department of the Environment.

There are about 500 hectares of vacant land in the city. The study concentrated upon a specific inner area of which 11 per cent. is vacant land. It was found that most of it would still be vacant in five years' time: that less than a fifth of the land allocated for council housing was likely to be redeveloped within the next two years: that about a third of the land had been safeguarded for road plans that may not be implemented; and none of the land allocated for open space and for school extensions and playgrounds had firm prospect of being brought into use within the next five years.

The inquiry concluded that the corporation lacked complete knowledge of vacant land in its own and other ownerships and the true cost of land remaining vacant in economic and financial terms.

Vacant Land in Liverpool; report by Hugh Wilson and Lewis Womersley in association with Roger Tym and Associates; Department of the Environment.

Asbestos products 'safe'

BY OUR BUILDING CORRESPONDENT

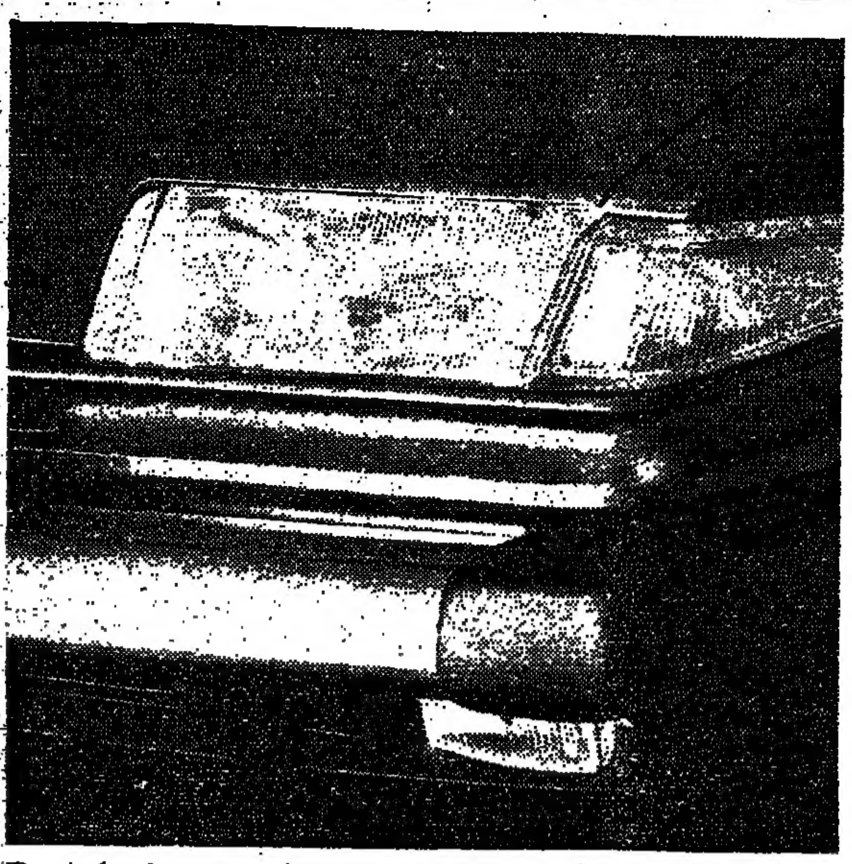
THE POTENTIAL dangers of asbestos have been "grossly exaggerated" and the public is not at any risk from the normal use of its products, according to Mr. Harry Hardie, chairman of the Asbestos Information Committee.

Mr. Hardie, who launched a campaign in London to hit back at critics of asbestos, said the industry refuted recent attacks on its products. Many people who would have perished in fires or on roads were alive to-day because of asbestos. To scrap asbestos products would be "to put thousands of lives in jeopardy."

Much of the recent extensive criticism had been "one-sided, biased, inaccurate and misleading." The levels of exposure to asbestos as far as the general public was concerned were invariably 1m. times lower than the safe levels allowed in manufacturing plants.

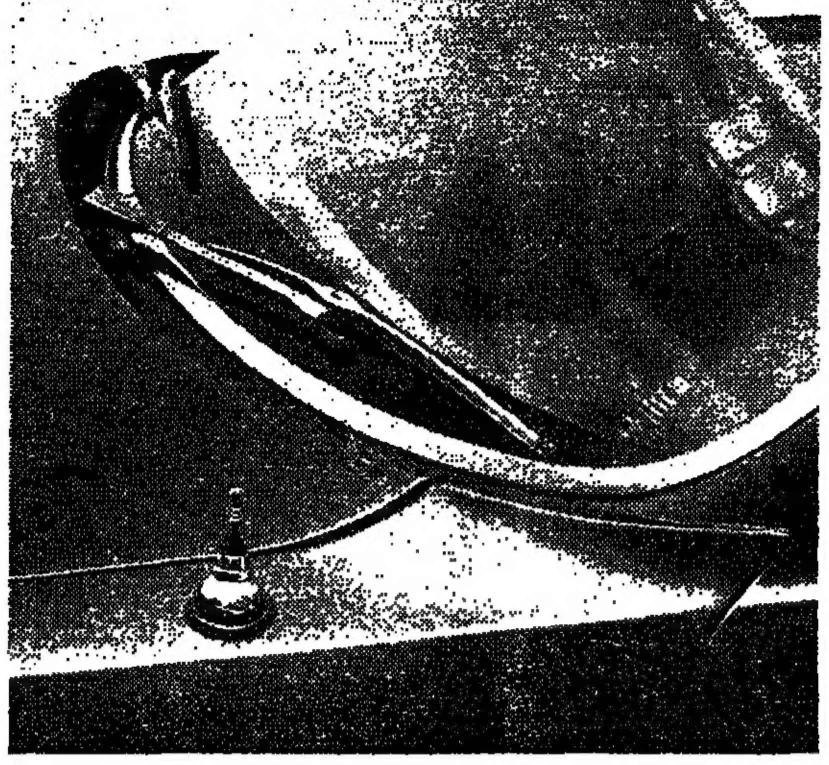
Mr. David Basnett, general secretary of the General and Municipal Workers' Union, said at Widnes yesterday that two of the country's largest asbestos factories were safe. He had visited the two plants owned by TAC Construction.

If you drive a quality car today, what will you expect of the car you drive tomorrow?



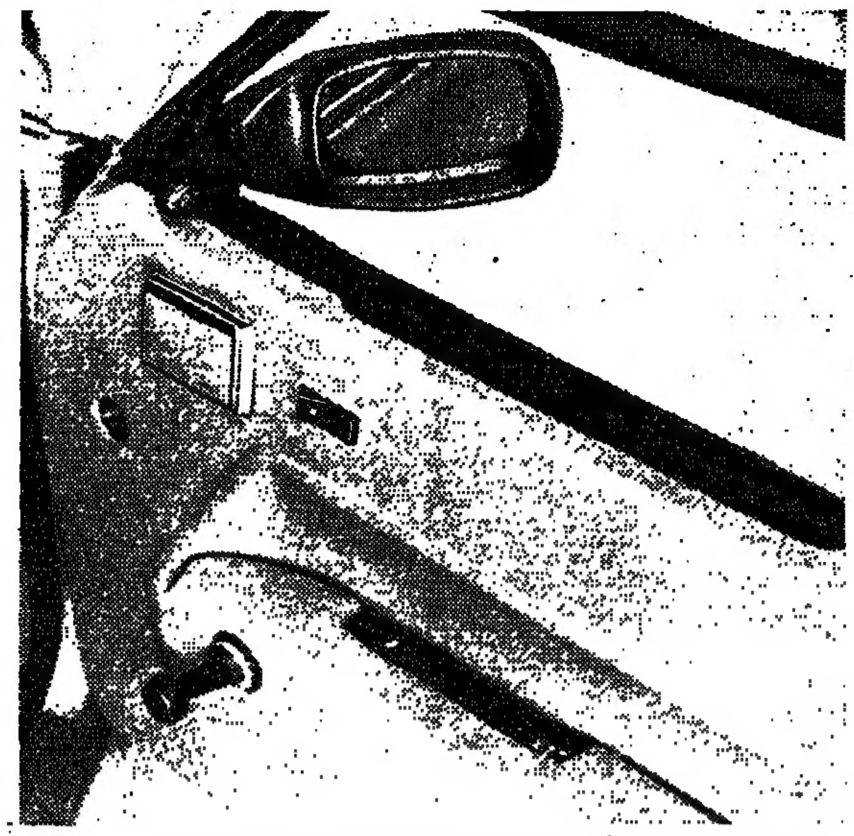
Revolutionary design that's intelligent.

Successful styling is born of practicality, not gimmickry. Tomorrow's quality car has an engine cooled by an aerodynamically designed, concealed air-intake without a conventional grille. The result? A more streamlined and efficient front incorporating powerful halogen lights.



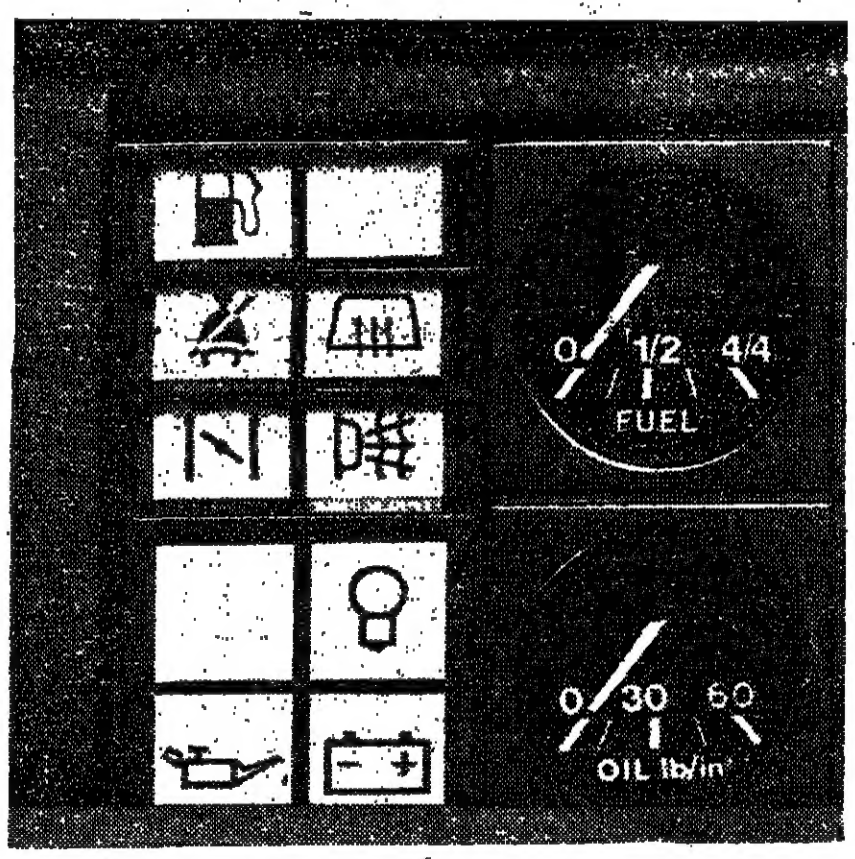
The latest safety technology.

Tomorrow's quality car makes the most of today's innovations. A good example: a windscreen of Triplex Ten Twenty tinted laminate. It sets new international standards for strength and safety under impact.



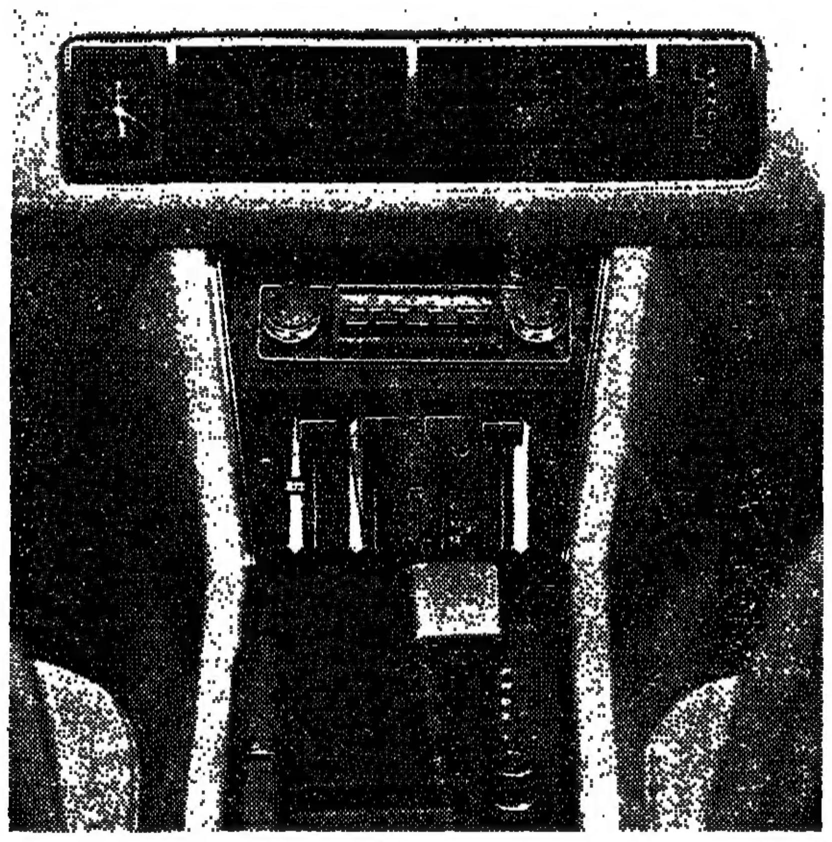
Thoughtful touches that are more than cosmetic.

An interior layout that's quietly luxurious and carefully thought-out. For example, a demisting channel that keeps the front side windows clear, a door-mounted mirror in a corrosion-proof hood that's fully adjustable from inside and a driver's central locking control that secures all five doors instantly.



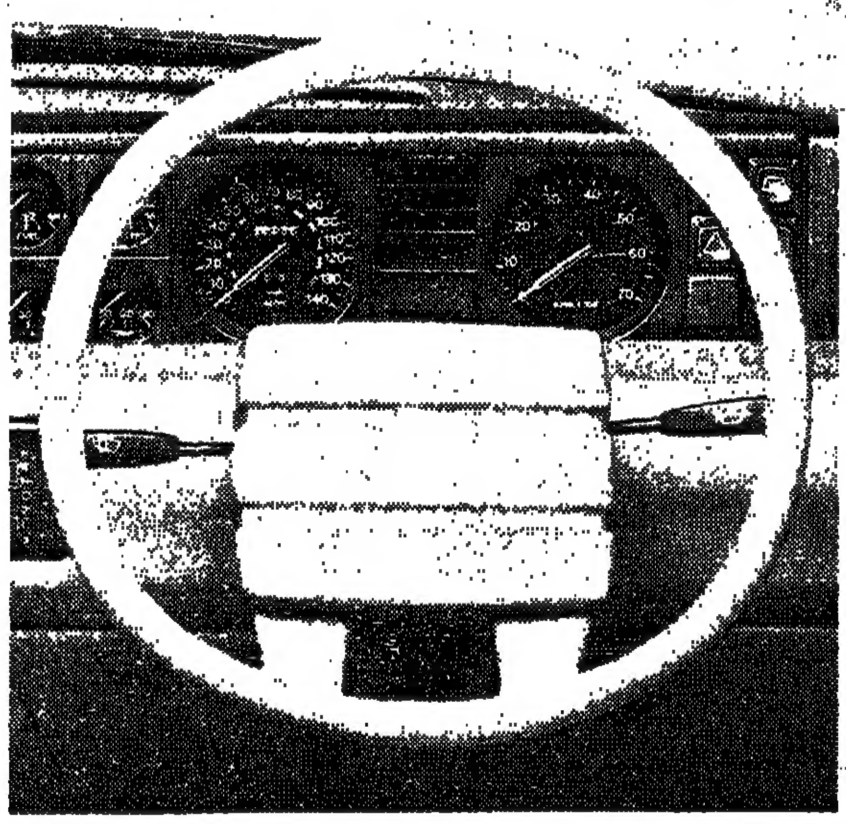
A built-in memory to rely on.

All today's cars carry warning lights. The car of tomorrow gives you simple, relevant information on the state of mechanics, electrics, bulb failure, fuel supply and seat belts. And for easy servicing and tuning, there's a diagnostic pack under the bonnet.



Concern for your comfort.

An interior ventilation and heating system that's sensitive and totally controllable. You'll be able to direct cool or warm air to any part of the cabin using a finger-tip slide control console that is discreetly illuminated at night.

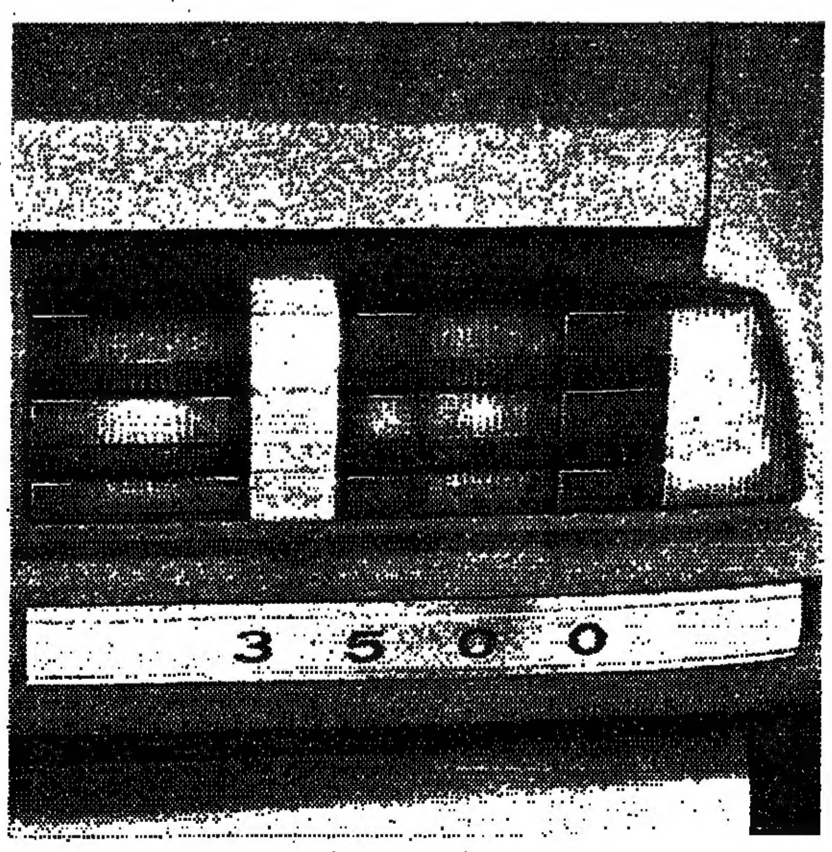


Consideration for the driver.

A steering wheel that's adjustable for height and reach, telescopes under impact and incorporates a large energy absorbing crash pad. Beyond, a clear rational instrument display with variable-control illumination. Power-assisted steering is standard.

Usable luggage space with security.

An assisted-lift tailgate opens on a roomy luggage area that's secure and versatile, with a flat floor and a parcel shelf to conceal your luggage, with a further hidden compartment beneath the floor. Fold the rear seat forward and the load space doubles.



Power without teething troubles.

A well tried V8 engine modified for the car of tomorrow, with a specially developed five-speed manual gearbox or an optional automatic transmission. High intensity fog warning lights are an integral part of the rear light display.

A pedigree you can trust.

Tomorrow's quality car should inspire confidence, not appear from an untried source or a faraway country. It should carry the endorsement of a car manufacturer of long standing, one always associated with quality and value,* safety and comfort, reliability and, let's face it, prestige.

*Tomorrow's car costs £4750.20 (automatic £149.76 extra) inc. car tax, VAT & front seat belts (delivery and number plates extra).

LABOUR NEWS

Civil Service unions to see Shore on cuts

BY DAVID CHURCHILL, LABOUR STAFF

LEADERS of local government and Civil Service trade unions are to have separate meetings with Mr. Peter Shore, the Environment Secretary, to-day to discuss the Government's proposed cuts in public expenditure.

They are expected to seek assurances that no compulsory redundancies will arise from the cuts and could threaten to boycott further talks unless such an assurance is given.

Guarantee sought

Mr. Alan Fisher, general secretary of the National Union of Public Employees, which mainly represents manual workers in local government, said yesterday that a firm guarantee of no compulsory redundancies should be given before the union co-operated with the cuts.

But Mr. Geoffrey Drain, general secretary of the white-collar National and Local Government Officers' Association, said last night that he would seek more information about the proposed cuts before deciding what action his union should take.

Both general secretaries are expected to be in a delegation from the TUC seeing Mr. Shore as part of a regular series of meetings initiated since the reduction in local Government spending was first considered in the autumn. Representatives of the Transport and General Workers' Union, the General and Municipal Workers' Union, and the National Union of Teachers are also likely to attend the meeting.

Mr. Drain confirmed that the meeting would seek to "probe the even greater economies" that the Government is said to be considering. He felt that the Government claim that local authorities were grossly overspending might prove untrue when the results of the present financial pruning exercise were made known.

This follows the recent circular sent to local authorities by Mr. Shore calling for a re-examination of their budgets by July 16.

At to-day's meeting the unions will call for more information on where the cuts will come. Mr. Fisher said yesterday that some 500 jobs on Tyneside were already threatened, as were about 600 in Oxford. The London Borough of Haringey has trimmed its budget by over £5m.

The unions plan to protest to Mr. Shore at use of contract staff to replace local government employees made redundant by the cuts.

Road tax query

At a separate meeting to-day the Society of Civil and Public Servants will ask Mr. Shore to clarify the position of about 3,000 staff at the Drivers' and Vehicle Licensing Centre in Swansea. As reported in the Financial Times last week, a confidential Department of Environment memorandum suggests that the road tax be scrapped, cutting some 3,000 jobs, and adding the equivalent yield to the price of petrol.

The society wants to know whether the publicity surrounding this disclosure has prompted the Government to abandon these plans and what other cuts are being considered in its place.

Leaders of three trade unions with members in the National Health Service urged the Government yesterday to stand firm on legislation to phase out private practice. Mr. Geoffrey Drain, left, general secretary of the National and local Government Officers' Association, Mr. Alan Fisher, centre, general secretary of the National Union of Public Employees, and Mr. Doug Hoyle, MP, and vice-president of the Association of Scientific, Technical, and Managerial Staffs, expressed concern that the Bill, going through Parliament, might not become law because of the pressure on Commons time.

The unions want the Government to use the guillotine, which allows limited debating time, to be used to make sure the Bill gets through this session. In addition, they want the Government to tighten up the Bill to set a definite date when paybeds should be phased out—preferably a year from the Bill's becoming law.

Mr. Drain made it clear he was prepared to accept a temporary lowering of standards in the NHS as the price to pay for ending private practice.'

Drivers' strike hits 300 trains

BY OUR LABOUR STAFF

ABOUT a quarter of all trains from Waterloo station, London, were cancelled yesterday because of a 24-hour strike by drivers.

In all, 239 men — members of the train drivers' union, ASLEF —took part in the one-day stoppage, held in protest at the withholding of a day's pay from a driver alleged to have taken his train through a red emergency signal.

The drivers claim that the signal was green.

Many Londoners took British Rail's advice and left work early yesterday evening in an attempt to ease the congestion which in the morning had forced commuters to pack inside trains as temperatures soared in the 80s. There were 300 cancellations.

Both ASLEF and British Rail said last night that they were not anticipating any further industrial action over the case of the disciplined driver.

Ford output disrupted again at Halewood

BY OUR LABOUR STAFF

A DISPUTE over a disciplined worker disrupted production at Ford's factory at Halewood, Liverpool, for the second successive day yesterday.

Management and union officials met in an effort to resolve the issue yesterday and a mass meeting is likely to-day. The action so far has cost Ford the production of 600 Capris and Escorts, with a showroom value of about £750,000.

About 200 men on Monday's day shift walked out, objecting to one of their colleagues receiving a verbal warning about his future conduct. This led to the gradual closure of the assembly and body plants, with 2,600 men laid off.

Monday's night shift worked normally, but there was another walk-out yesterday before production had started. The 2,600 day shift workers, who had reported for duty, were then sent home again.

Steel call for factory democracy

By Ian Hargreaves, Labour Staff

DEMANDS for single status for workers in the steel industry and a major extension of industrial democracy are among items on the agenda for the first annual delegate conference of the Iron and Steel Trades Confederation to be held in London on July 14.

The one-day conference is advisory but delegates will have the opportunity of debating whether they want a full-scale policy-making conference when they discuss a call for a review of procedures and arrangements for union conferences.

It is probable that the confederation will opt for the traditional week-long, seaside format, reflecting its importance as Britain's largest steel union. There is likely to be resistance to a proposal to scrap the union's traditional structure of regional conferences.

One resolution likely to stir strong feelings is a call for continued review of the constitution of the TUC steel committee, on which the confederation plays a dominant role.

Criticism of the steel committee within the confederation centres on what some feel to be its failure to canvass grass-roots opinion and, in particular, the fact that lay members do not sit on the committee.

Other resolutions call for closed-shop agreements in all places where the union has secured recognition; a 35-hour working week; and subsidised travel to work. There is a call to the confederation's executive to investigate investment in the steel industry.

£1.5m. plea for community jobs

BY ALAN PIKE, LABOUR STAFF

THE DEPARTMENT of Employment is being asked by Community Service Volunteers for a £1.5m. grant to provide work experience and community service training for 5,000 unemployed school-leavers.

CSV, a national voluntary work agency, says that if the Government gave early approval for the funds the first young people could be working on its projects by the beginning of September.

It is proposed that the first group of 3,000 young people would work on existing CSV projects. The other 2,000 would be under its Job Creation Programme in conjunction with social service departments in Lancashire, Islington, Lambeth, Strathclyde and Newham and hospitals in Leeds and Blackburn. This part of the programme would also offer jobs to about 40 unemployed teachers.

The unemployed young people would initially work on community projects four days a week for one year and receive training and further education on the fifth day. They would be paid £2 above the equivalent of supplementary benefit plus lunch and travelling expenses.

Helping old and handicapped people, building playgrounds and working with deprived children are some of the projects on which they would be employed.

Mrs. Elizabeth Hoodless, executive director of CSV, said that the cost of the programme must be set against the human and financial costs of young people having nothing to do. "This scheme would release their energies to back up Britain's overstretched social services."

Action to tackle the problems of young people without jobs will be a particular demand in a resolution on unemployment to be moved by the Amalgamated Union of Engineering Workers at the Labour Party conference.

Mr. Hugh Scanlon, president of the AUEW and chairman of the Engineering Industry Training Board, has been very critical of the plight of jobless school-leavers and warned last week that the social contract would not continue without substantial measures to reduce unemployment.

The engineering section executive yesterday agreed to make unemployment the subject of its conference resolution. It will demand more funds for the National Enterprise Board and other measures to stimulate investment in British industry, together with greater controls over investment abroad.

Rail ticket loans 'threatened'

MANY employees who receive tax-free loans from their employers to enable them to buy season tickets will be hit by Government proposals about beneficial loan arrangements, according to the Confederation of Employee Organisations.

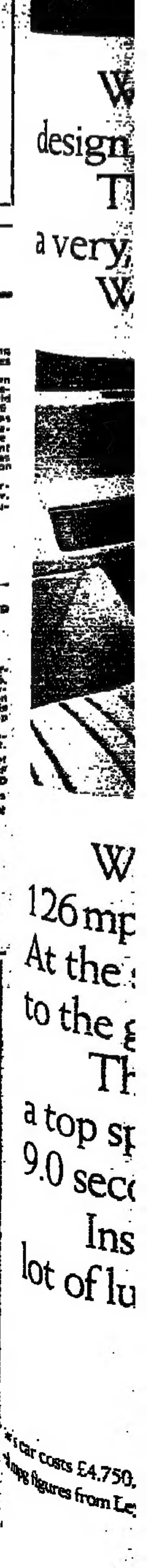
Mr Paul Nicolson, the general secretary, said last night: "We do not see why miners should receive untaxed free coal, airline workers cheap travel, railway workers free travel, while at the same time workers in the financial sector would be at risk in the area of an income tax on season ticket loans."

The Confederation of Employee Organisations, a federation of mainly white-collar bodies not affiliated to the TUC, has written to all members of the House of Commons Standing Committee on the Finance Bill to protest at what it calls the inadequacies of the concession announced earlier this month by Mr. Robert Sheldon, Financial Secretary to the Treasury, on beneficial loan arrangements.

In the letter the confederation says: "The Treasury will from time to time prescribe an official interest rate. Income tax will be payable, for employees earning more than £5,000 a year, on the difference between the actual interest paid and the official interest rate.

"Our inquiries reveal that the number of cases in which 'hardship' loans are arranged for employees at beneficial interest rates is few. Nevertheless, they must amount to several thousand, taking employees as a whole. It is in those few cases where an additional tax is least acceptable, particularly when the "hardship" loan imposes a tax on another loan given for season tickets because the total official interest amounts to over £50."

The confederation had therefore suggested that because of the great variety of practices to be found among employers, and the even greater variety of circumstances affecting individual employees, in the field of beneficial loan arrangements, it would be simpler not to tax up to the first £100 of official interest on any amount of a loan.



86th Annual General Meeting of the Chamber of Mines of South Africa

Mining has performed well in face of critical problems

Mr. R. S. Lawrence
President for 1975-1976 of the Chamber of Mines of South Africa

The following is an abridged version of the address by Mr. R. S. Lawrence, President of the Chamber of Mines of South Africa, at the 86th annual general meeting of the Chamber in Johannesburg on June 29, 1976:

In the mining industry the critical problems during the year have been those of falling prices, especially of gold, platinum and copper, of exceptionally high rates of increase in working costs and of a shortfall of Black labour. In facing these very considerable difficulties the mining industry has performed well and, without minimising the political problems of Southern Africa, there are grounds for optimism.

SALES

The total value of South Africa's mineral sales, including gold, in 1975 exceeded R4 000 million for the first time, an increase of 5.2 per cent. compared with the previous year. The value of exports of asbestos, chrome, coal, fluorspar, manganese, nickel and vanadium all increased substantially. Demand for mineral products is already showing signs of expansion with the rise in industrial production levels that is under way world-wide and this should have a favourable effect on prices.

URANIUM

The relatively low output by Chamber members in 1975 of 2 809 metric tons of U3O8 should not be taken to imply that the industry is not adapting itself to take advantage of the opportunities which the expected growth in the world's uranium requirements are likely to offer. In the years immediately ahead, a steady increase in uranium output can be expected to a level at least the same as that which was attained in the peak production years of the late 1950s, that is approximately 6 000 metric tons per annum. Under favourable conditions this figure could be exceeded.

GOLD

Working revenue, boosted by devaluation, showed a slight increase, rising from R2 558 million in 1974 to R2 564 million in 1975. However, working costs rose by 27 per cent. Gold mines spent R775 million on stores and materials produced mainly in South Africa. Some 370 000 employees received R611 million in salaries and wages which were substantially increased during the year, bringing direct and indirect benefits to many people in Southern Africa.

Working profit (before tax) declined by 16 per cent. as a consequence of the increase in working costs. Estimated tax and State's share of profits declined from R813 million in 1974 to R629 million in 1975. Dividends paid to the large number of investors in South Africa and abroad fell from R565 million in 1974 to R520 million in 1975.

Assistance received by gold mines, members of the Chamber, in terms of the State Assistance scheme amounted to R17.8 million in 1975 compared with R1 million in 1974. The mines receiving this assistance produced 59 406 kilograms of gold worth about R213 million.

PRICE OF GOLD

Estimates of purchases of gold by investors, both in bullion and coin form, on world markets fell to 403 metric tons in 1975 compared with 800 tons in 1974. However, demand for gold for jewellery and other industrial uses increased markedly from 434 tons to 721 tons. Figures for the first quarter of this year suggest that this trend is gathering momentum. Moreover steady demand from investors and hoarders in the Far East has begun again and there are signs of increasing sales in the Middle East and the United States.

This increased spread of demand has given a basic strength to the market so that it should respond favourably to the revival of investor interest which may well result from recent monetary events.

The price obtained at the first gold auction of the I.M.F. and the extent of the over subscription for the available gold are a positive indication both of a strong demand for gold and of support by certain central banks for the gold sale thereby establishing a monetary demand for gold. The demand potential revealed should largely dispel the uncertainty amongst investors which has beset the gold market since the initial announcement of the auction last August.

Indirect purchases by central banks indicate that they consider gold an essential reserve asset and imply a tacit rejection of the demonetisation philosophy propagated by the United States. This view is substantiated by the free use now being made of gold at market related prices as collateral for international loans.

LABOUR

A major feature of the past year has been the extent to which South African Blacks have come to work in the mining industry. At the end of 1974, 25 per cent. of our Black labour force came from South Africa and this proportion has now increased to 43 per cent. The Mine Labour Organisations have undertaken an intensive recruiting and publicity campaign in all South African areas and this activity continues with the objective of ensuring that at least 50 per cent of our labour comes from South Africa.

Increased wages for its Black employees have made the industry more competitive in the local labour market, and we hope that recently introduced incentives will enable us to ensure greater stability within the migratory pattern. This pattern of employment has been with us for many years and while a number of mines that are able to do so are increasing the proportion of South African workers housed on mine property, the nature of the industry is such that we will inevitably have to work within the migratory system for many years to come.

The propensity to move from less developed to more developed areas within the same country or across national borders is an inevitable phase of economic development and occurs world-wide. It is the continuing aim of the mining industry to provide through the Mine Labour Organisations every aid to men who wish to enter mine employment, whether from South Africa or from other countries whose nationals have traditionally entered mine employment.

The Mine Labour Organisations will continue to act as employment agencies and to pay deferred pay and remittances to individual mine employees and their families in home territories. These payments last year totalled R97 million.

SAFETY

Mines that are members of the Chamber spend on the average more than R60 million a year in the promotion of safety. Most of the money is spent on first aid and safety training, safety education and information, protective clothing and safety devices and equipment, and contributions towards research into safety in mines. As a result, the accident rate on mines in South Africa compares favourably with mines elsewhere in the world.

OUTLOOK

The year was overshadowed by the Angolan War which increased tensions in Southern Africa. However, there are signs that international re-assessment of the situation has led to an increased awareness of South Africa's inherent strength and stability. Russia's intervention revealed her appreciation of the strategic importance of the sub-continent in the world power struggle and served to focus attention anew on the significance of South Africa's mineral wealth and on her geographical position across the East-West seaways. It is to be hoped that this will result in reappraisal in the West and a stiffening in resistance to Russian intervention in Africa's affairs. Recent unrest among South African Blacks has underlined the gravity of the problems that confront the statesmen of Southern Africa and will surely emphasize to all concerned the vital importance of peaceful solutions.

On the eastern and north-eastern borders of South Africa, Moçambique in its first year of independence has proceeded with the establishment of a wholly Marxist administration. Moçambique nationals continue to seek employment in South Africa's mining industry, despite some administrative holdups, and constitute a large part of the mine labour force. The big increase in the flow of labour from the South African homelands is correcting the former undue dependence on foreign sources but the industry will continue to offer employment to foreign nationals on a substantial scale.

Availability of manpower will remain a critical area for Southern Africa for many years to come. All races should increasingly share in the rewards and opportunities that economic growth of the region will bring, and the highest priority must be accorded to ensuring that the flow of qualified men and women from high schools matches the opportunities that will be opened to them. Thus, the key to the future is an imaginative programme of education and training for the peoples of Southern Africa. Even in South Africa there is no prospect at all of the White group on its own continuing to meet the country's entire needs of skilled and professional labour.

Today the mining industry's faith in its future is underlined by the huge sums that are being invested in new mining enterprise. At existing gold mines very large capital sums already spent on expansion should result in a substantial increase in mill throughput and reverse the declining level in gold production experienced in recent years. Gold mining apart, the extensive mining development on hand will mean further stimulus of local industry and increase in foreign exchange earnings. When the present period of consolidation has passed, I expect mining to be once again the leader in the revival of our economy.

The full text of this address may be obtained from the General Manager, Chamber of Mines of South Africa, 5, Hollard Street, Johannesburg, 2001

هكذا من الأصل

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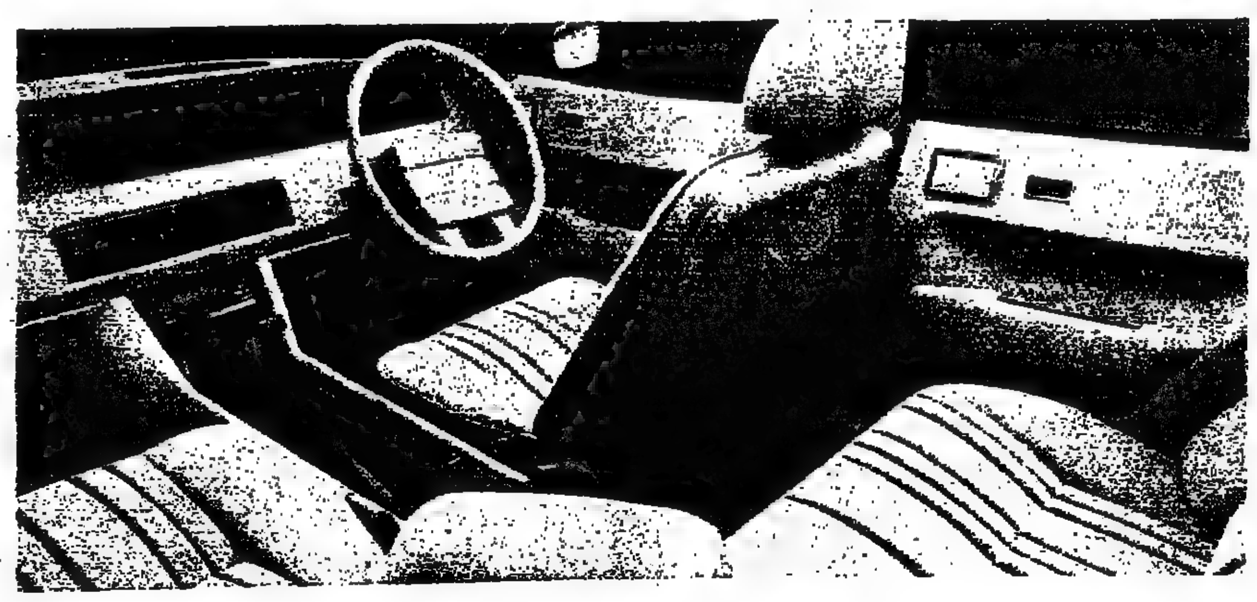
The new Rover 3500.

We announce a car that sets new standards of design, comfort, safety, reliability and value.

The new Rover 3500 looks, feels and handles like a very, very expensive car.

Which it isn't.



When asked, the 5-speed manual version can top 126 mph and accelerate from 0-60 mph in 8.6 seconds. At the same time it can give you an amazing 26 miles to the gallon on touring runs.

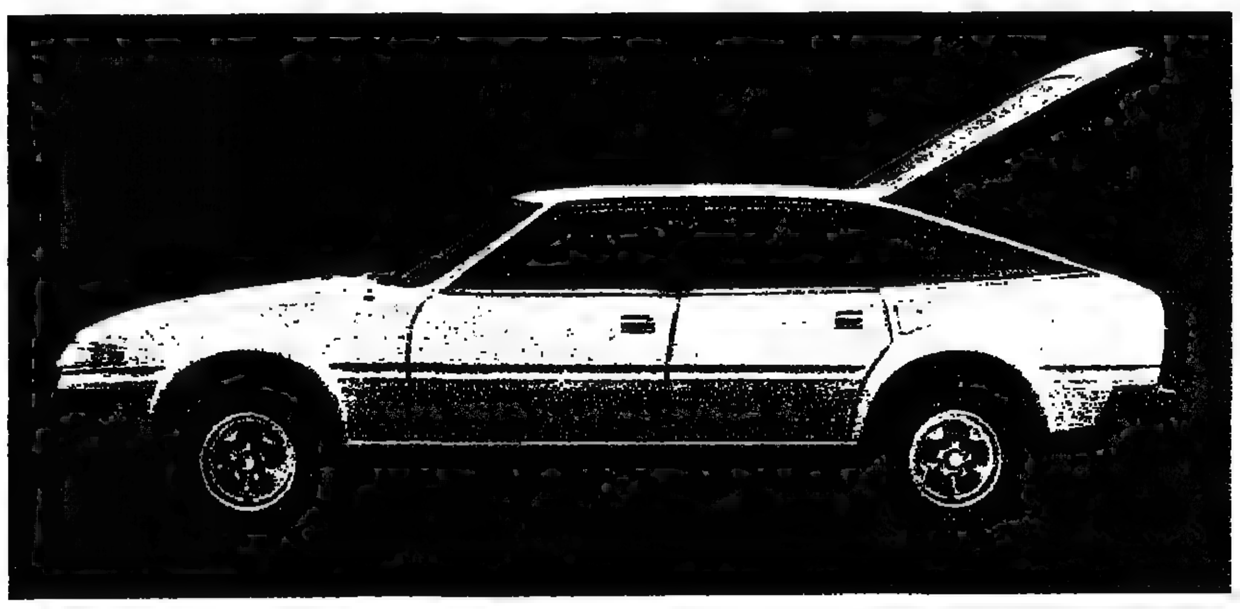
The automatic version is equally impressive: a top speed of 123 mph, touring mpg of 24 and 0-60 in 9.0 seconds.*

Inside is a quiet, spacious area for 5 adults plus a lot of luggage in a deep, covered well that's reached through an assisted-lift tailgate. Fold down the rear seat and you double the luggage capacity.

Outside, a sleek, aerodynamic car that will soon be winning praise as one of the most elegant designs of the decade.

And, importantly, the new Rover is a classic of simple, logical engineering. It's efficient, reliable and easy to maintain.

To prove that, we protect it with Supercover, the most comprehensive after-sales commitment available to the British driver.



The new 3500 is at your Rover showrooms today. We urge you to see it. We're certain you'll like it. And if Rover history is anything to go by, it will be a very sound investment.

Rover

From Leyland Cars. With Supercover.

Tomorrow, wouldn't you rather be in a Rover?

*Tomorrow's car costs £4,750.20 (automatic £149.76 extra) inc. car tax, VAT & front seat belts (delivery and number plates extra). Speed and mpg figures from Leyland Cars Engineering Division.

HOME NEWS

Airport traffic up again in May

By Michael Donne, Aerospace Correspondent

THE STEADY growth in the number of passengers handled at U.K. airports shown earlier this year was maintained in May, when the British Airports Authority handled nearly 2.88m. passengers, or over 10 per cent. more than in the corresponding month of last year.

After rises of 10 per cent. in January, 12 per cent. in February and a combined 11 per cent. rise for March and April, the latest improvement confirms the growing belief that the recession in air transport is over.

The latest BAA figures show that the number of passengers handled at Heathrow in May rose by 9 per cent., while at Gatwick the improvement was 6 per cent. and at Stansted 3.8 per cent.

Overall, the number of aircraft movements at the seven airports run by the Authority (Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Edinburgh and Aberdeen) rose by 4.9 per cent. to reach just over 39,500.

Cargo also had a better time in May than in earlier months this year. For the three South-East airports (Heathrow, Gatwick and Stansted), total tonnage handled, at 43,637 metric tonnes, was up 7.2 per cent., while for the seven airports as a whole the gain was 12.2 per cent. to just over 47,000 metric tonnes.

DC-9 jet for British Midland

BRITISH MIDLAND Airways, the regional scheduled airline based at the East Midlands Airport near Derby, is to become the first U.K. operator of the Douglas DC-9 short-range jet airliner.

The airline is leasing one of these aircraft from McDonnell Douglas for its London (Heathrow)-Teesside route from September 1. BMA is expected eventually to acquire more DC-9s for its short-haul operations and also for the leasing service it provides for overseas airlines.

BMA is part of the Minster Assets investment banking and insurance group. Mr. Michael Bishop, the airline's managing director, said that the London-Teesside route now carried over 110,000 passengers a year and the DC-9 would bring new standards of speed and comfort.

£18m. profits at stake, says Freddie Laker

MR. FREDDIE LAKER told a High Court judge yesterday that if his cut-price "Skytrain" service to America is not allowed to operate, lost profits could amount to almost £18m. by 1982.

If Skytrain could have started in July 1975 revenue for the first year alone would have been £4,650,627, Mr. Justice Mocatta was told. This would have meant a profit of £2,408,400.

Mr Laker, chairman of Laker Airways, is seeking a declaration that Mr. Peter Shore, the former Trade Secretary, acted illegally when he revoked Skytrain's licence in February this year. The Department of Trade contests the case.

On the second day of the resumed hearing, Mr. Laker in a written statement said that with support from the Department Skyrain could have begun in July 1975.

The Civil Aviation Authority had granted it a licence in September 1972 to run for 10 years.

He said the department withdrew their support for Skytrain during 1975 and in February 1976 their licence was revoked. He calculated that from July 1975, when he believed Skytrain could have been operational, until the end of the licence period on December 31, 1982, lost profits would amount to £17,862,284. The hearing continues to-morrow.

New business jet makes maiden flight

By Our Aerospace Correspondent

THE NEW version of the Hawker Siddeley HS-125 business jet, the Series 700 model, made its maiden flight from the company's Chester airfield yesterday.

This new version, announced some weeks ago, is designed especially for the U.S. market, and features U.S.-built Garrett AiResearch engines with lower noise-levels and improved fuel consumption over the Rolls-Royce Viper jet engines used in earlier HS-125s.

Birds Eye to spend £15m. on production resources

BY ANTONY THORNCROFT

PLANS TO spend £15m. on revamping Birds Eye production resources, with perhaps a further £15m. going into product development during the next four years, were announced by Mr. Kenneth Webb, the company's chairman, at its annual review of the frozen food industry in London yesterday.

Birds Eye was able to contemplate such an investment in frozen foods because of signs that its big retail companies were expanding their frozen food capacity he said.

The traditional allocation of 2 per cent. of store space to frozen foods was beginning to look over cautious. Big grocery chains considered 6 per cent. to be more a relevant percentage in new store developments.

The growing importance of frozen foods was underlined by a 19 per cent. increase in frozen food expenditure in 1975, and a 33 per cent. rise in freezer ownership, so that to-day there were 4m. freezer owners in the U.K.

Mr. Webb forecast that, helped by the Chancellor of the Exchequer's halving of VAT on household equipment in the Budget, there would be 800,000 more homes with a freezer this year. In all, consumption of frozen foods in the U.K. had almost doubled in the past five years.

Turning to the main Birds Eye products, Mr. Webb said that, despite the result of the "Cod War," "our commitment to Humberside and the fish landed around these shores is as great as ever."

He expected the price of [...] to stay high, but saw some lowering in the cost of potatoes. [...] Birds Eye's biggest success [in] recent weeks had been with beefburgers, presumably because the company was stressing the [...] per cent. beef content on packs.

During 1976, Birds Eye expects to spend £6m. in promotional expenditure, a fair proportion supporting new products which tie up £2m. of the company's money each year.

Among the new lines waiting to appear, is a range of seafood to be launched in London. Two new snacks on test in Harlech TV, chicklets and cheesies, have achieved three times their sales plan in only twelve weeks.

ICL contract upheld in court

BY A. H. HERMANN

THE ANGLIAN Water Authority is now free to buy a £1m. computer from ICL. The defeat which Honeywell suffered in the Court of Appeal yesterday over the interlocutory injunction (prohibiting Anglian from contract with ICL) was so shattering that the company decided not to continue with the main action.

By this action Honeywell had sought a declaration that it was illegal for the Water Authority to base its decision on the "Buy British" argument.

The prospect of obtaining such a very general declaration, not in respect of a particular tender situation but applicable to all statutory authorities business, became very meagre in the course of the appeal hearings.

Honeywell's position has been made more untenable by its coming to court not as a competitor alleging he was wronged in a tender, but as a Colchester ratepayer claiming loss of savings in the water rate which would follow placing of the order with ICL.

Honeywell's appeal against the termination of an interlocutory injunction restraining the Authority from contracting with ICL was rejected unanimously by the three appeal judges yesterday.

Delivering his judgment Lord Justice Megaw said he would not deal with all the arguments raised, as the main trial was then still pending.

But the questions asked from the Bench in the course of the hearing indicated that the court had some doubt whether "Buy British" must necessarily be taken for an unbusinesslike consideration.

The Anglian Water Authority was awarded costs. The court refused Honeywell's request that it recommend a speeding up of the main trial.

Lord Justice Megaw said the injunction prohibiting the Authority from contracting with ICL was much too wide to be granted by any court, indicating that it could not be hoped for even if Honeywell succeeded in the main trial.

The amendment proposed by Honeywell during yesterday's hearing, that the Water Authority should be free to contract with ICL if it took a new decision to this end but not based on the "Buy British" argument, was too vague to be capable of enforcement. The difficulty of finding a satisfactory formula was not due to any lack of ingenuity on the part of counsel, but rather reflected a weakness inherent in the case, said the judge.

Lord Justice Browne agreed and Lord Justice Geoffrey Lane also agreeing, added that Honeywell's application for an injunction did not pass the first test laid down in Lord Diplock's speech, namely that the applicant should have a serious case for trial which is neither frivolous, vexatious nor an abuse of the processes of law. While he would avoid speaking of abuse, Honeywell's case was certainly ill-conceived, said the judge.

The ill-conception became increasingly clear during Monday's hearing. Honeywell was not prepared to base its case on an alleged breach of contract by which it was promised that offers would be evaluated in an open tender on their merits, and instead insisted that it appeared in court as a Colchester ratepayer complaining that the water rate would not be reduced. This concerned an insignificant portion of the saving of £1.4m. which would be missed if the computer was ordered from ICL rather than from Honeywell or Univac. Both these companies could deliver a year ahead of ICL.

The decision not to sue for breach of contract and damages having been made by Honeywell, Mr. Howard, its counsel, most skilfully fought a battle which was lost before it was even joined.

هكذا من الأصل

APPOINTMENTS

Executive changes at Gill & Duffus

Mr. F. M. Gill will succeed Mr. G. McFall as chairman of GILL AND DUFFUS GROUP from to-morrow and will relinquish his position as a managing director. Mr. McFall remains on the Board and has been appointed vice-chairman. Mr. T. P. H. Aitken will become a group managing director. From the same date Mr. C. G. Palmer will resign as a managing director of Gill and Duffus Limited and will succeed Mr. Gill as chairman. Mr. F. W. ...mwell will resign as a managing director of Pacol and will succeed Mr. McFall as chairman. Both Mr. Gill and Mr. McFall will remain on the respective Boards. Mr. P. J. Day has been appointed managing director of Gill and Duffus Limited.

*

Mr. Kenneth Dowling has been appointed an assistant director of public prosecutions at the HOME OFFICE.

*

Mr. Peter Lane has been appointed managing director of TAYLOR AND HARTLEY FABRICS, a subsidiary of Bodycote International, and Mr. Desmond Whitehead becomes assistant managing director, following the death of Mr. Harold Jones.

*

Mr. M. F. Julien has been appointed a director of WILLIS FABER AND DUMAS (HOLDINGS). Mr. A. A. Gregory, Mr. M. F. Julien and Mr. A. P. Leslie have become life directors of Willis Faber and Dumas Limited, and Mr. R. W. Barklam and Mr. ... Madge have been made directors of the company.

*

The Board of ALLIED ELECTRICAL DISTRIBUTORS, a new subsidiary of Philips Industries, is Mr. J. B. Swift (managing director), Mr. S. P. Turner (marketing director), Mr. K. D. Walsh (distribution director), Mr. ... Lay (sales director) and Mr. ... Spencer (financial director).

*

Mr. John S. B. Lea, having reached the age of 65, will retire from the Board of GEI INTERNATIONAL at the annual meeting on July 21.

*

UNIVERSAL BULK-HANDLING EQUIPMENT (a subsidiary of the Laird Group) has made the following Board changes—Mr. ... Quirk, who has been managing director since 1959 and deputy chairman since 1974, is retiring from the Board. Mr. R. C. ...ssell has been appointed a director and becomes general manager.

*

Mr. Peter Dighton has joined the Board of SUPRA GROUP. He is at present managing director of Supra Automotive.

*

Mr. John McLaren has joined the Board of HARRISON COMPUTER SERVICES from NCR.

*

Mr. R. P. Lane, Mr. P. H. Quinn, Mr. J. P. Drummond and Mr. D. Inglis have been appointed directors of PLANET WINDOWS (GLENROTHES), a new and autonomous subsidiary formed by the Percy Lane Group to assume, from to-morrow responsibility for the design and manufacture of Planet factory glazed aluminium window assemblies for the construction industry in Scotland, previously undertaken by the Glenrothes factory of Percy Lane (Architectural).

*

Mr. O. G. Longley is to join the Board of GESTETNER HOLDINGS from August 1. Mr. Longley is currently chairman of the duplicating and copying equipment manufacturer's French subsidiary and on joining the Gestetner Holdings Board will retain his present responsibilities.

*

Mr. John Trembath, a deputy director general of the Take-Over Panel, leaves the Panel to-day after over two years on secondment from Allen and Overy, which he will be rejoining.

*

CARRINGTON VIYELLA has made the following changes from to-morrow. Mr. W. B. Lauder retires as joint managing director of Woven Staple division, and as managing director of Samuel Holden. He will continue as a director of Carrington Viyella Group with special responsibilities for exports. Mr. D. Cunliffe, at present joint managing director of Woven Staple division, becomes sole managing director from the same date. Mr. K. Hargreaves succeeds Mr. Lauder as managing director of Samuel Holden. Mr. J. Ruddy, managing director of the Standish Company has been appointed a director of Woven Staple division.

*

Mr. Michael Hale has been appointed company secretary of the CENTRAL MANUFACTURING AND TRADING GROUP in succession to Mr. V. E. Beddard who is retiring on July 31 on reaching 65 years of age. Mr Hale will also be appointed to the Board of CMT Industrial Supplies.

*

Mr. Paul Edey has been appointed marketing director of HORNBY HOBBIES (a member of the Dunbee-Combex-Marx group).

*

Mr. G. F. G. Evrard has been appointed chairman of UNILEVER oils and fats buying division. He was managing director of Tropical Products Sales, Brussels, from 1968 to 1975, when he became deputy to Mr. J. E. Th. M. Randag, who he now succeeds. Mr. Randag, chairman of that division since 1963, has retired after 41 years with Unilever. He has also retired from the Board of the Baltic Mercantile and Shipping Exchange, London.

*

Sir Murray Fox has been elected chairman of the CITY AND METROPOLITAN BUILDING SOCIETY and Mr. Dennis Simmons, secretary of the society has been appointed to the Board. These changes follow the death of former chairman, Mr. Frank Collier.

*

The INDEPENDENT BROADCASTING AUTHORITY has appointed Mr. Robin MacLellan and Mr. Frank Welsh to be members of its general advisory council. Mr. MacLellan is chairman of the Scottish Tourist Board and of George MacLellan Holdings and a director of other companies. Mr. Welsh is chairman of Dunford and Elliott and a director of Grindlays Bank.

*

Mr. F. B. Oddie has been appointed marketing director of Fafnir bearing division of TEXTRON.

*

Mr. Ken Roberts has been appointed financial director of PARTCO, a division of Quinton Hazell (Holdings), a Burmah Oil company.

*

The life manager and assistant actuary of the RELIANCE MUTUAL INSURANCE SOCIETY, Mr. J. B. Bateup, has been made assistant general manager.

*

Mr. Charles Lowe has been appointed financial controller of the EXCESS INSURANCE GROUP. He succeeds Mr. Colin O'Neill who has become co-ordinator operations staff. Mr. A. T. Chipperfield has been made home liability underwriting manager in place of Mr. B. A. Hayward, who has retired.

*

Mr. P. C. Hyde-Thomson has been appointed a director of EUCALYPTUS PULP MILLS. He is chairman of Ibstock Johnsen the parent of the company's English agent, Johnsen Jörgensen and Wettre.

*

Now that the initial merging of the Nairn Companies with COMMERCIAL PLASTICS, a subsidiary of Unilever, has been accomplished, Mr. Willis Roxburgh has decided to take early retirement. He has resigned as chairman and managing director of Nairn Williamson; a position he has held since 1966.

*

Mr. Johan M Katz has been appointed to the new post of vice-president sales of BACHE HALSEY STUART INC. He continues as assistant manager of the London office.

HOME CONTRACTS

IMI (Kynoch) wins £3m. power work

IMPERIAL METAL INDUSTRIES (KYNOCH) has received a contract worth more than £3m. to supply seamless titanium condenser tube. The order was placed by GEC Turbine Generators and covers three sets of condenser tube for the three GEC 660 MW steam turbines at the CEGB's Littlebrook D oil-fired power station.

*

DAN-AIR SERVICES has been awarded a contract by BP, constructor of the Sullom Voe terminal, for an aircraft charter service in and out of the Shetland Islands. It will provide transportation for site employees between Sumburgh, Shetland, and Glasgow and elsewhere as required. The contract, which runs for two years, provides for the supply of three Hawker Siddeley 748 Series 2 aircraft at an estimated cost of more than £1.5m.

*

WESTINGHOUSE BRAKE AND SIGNAL CO. has been awarded a contract worth more than £1m. by South Eastern Electricity Board for its Computer Assisted Distribution Engineering Control (CADEC) project. Phase I covers computer-based Wesdac systems at each of the Board's three group control centres at Dorking, Haywards Heath and Sittingbourne, to provide control and monitoring facilities. Each control centre system will be designed to cater for up to 200 sub-stations.

*

NCR has won an order worth £850,000 from Barclays Bank for 6,000 COM microfiche viewers. Barclays will use the viewers for their COM Bank Branch book-keeping system. The equipment comprises 1,000 NCR 430-248, 100 per cent. screen-size viewers, which will be used mainly for information retrieval in the machine area at Bank branches: 2,500 executive viewers in managers' offices; and 2,500, 85 per cent. screen-size viewers for cashier sections to give customers answers to accounts inquiries.

*

HUMPHREYS AND GLASGOW has been awarded a contract worth about £750,000 by Ilford, an affiliate of CIBA, for the design, supply of equipment and construction of an extension to Ilford's existing photographic film manufacturing facilities at Brentwood, Essex.

*

BALFOUR BEATTY CONSTRUCTION (a BICC company) has received a £387,000 contract from English Industrial Estates Corporation for advanced factories at Longbenton Industrial Estate, Newcastle-upon-Tyne.

*

JOHNSON-PROGRESS, Stoke-on-Trent, has been awarded a contract worth £270,000 by the Anglian Water Authority for the supply of a sludge de-watering plant for Fishtoft sludge disposal works, Boston, Lincs.

*

CHARCON PIPES AND TUNNELS has won an order for precast concrete tunnel linings worth about £200,000. The lining are for Stage 1 of the Margate relief sewer scheme for Thanet District Council.

*

SIMPLEX - POWER CENTRE, Wednesbury, a TI subsidiary, has received a contract worth more than £100,000 from the Post Office for its new automatic telephone exchange at Cardiff. It includes the supply and installation of 410 metres of rising main busbars.

APPOINTMENTS

COMMODITIES. Back Administration Staff leading city brokers seek experienced personnel. A sound work record is essential. Above average salary, benefits, bonus offered. R. T. Eves, Eves Little Associates, 38, Bow Lane, London, E.C.4. Tel. 01-236 3881.

COMMODITY back-up staff wanted. Chartarhouse Appointments 01-836 2377

WANTED

FRENCH NATIONAL, ages 30, single, graduate of Cornell University USA, specialist in hotel administration at international level seeks any employment opportunity. Write, Robert Blanc, 20 rue Le Peletier, 75009—Paris

CONTRACTS AND TENDERS

D. B. DENIZ NAKLIYATI T.A.S., TURKISH CARGO LINES

REQUEST FOR EXPRESSION OF INTEREST FOR PURCHASE OF ROLL-ON ROLL-OFF SHIPS

BOMBAY ELECTRIC SUPPLY & TRANSPORT UNDERTAKING

(OF THE MUNICIPAL CORPORATION OF GREATER BOMBAY)

INDIA

A. TENDER FOR BUS CHASSIS

The Bombay Electric Supply & Transport Undertaking (B.E.S.T.) invites proposals for supplying up to 465 Single Deck bus chassis and 235 Double Deck bus chassis, fully assembled, including frame, engine, front and rear axle gearbox, and steering unit.

To qualify for bidding on this equipment the prospective bidder must regularly manufacture and must have designed and manufactured and have had in satisfactory commercial operation for not less than five years prior to submission of the bid, buses of the type and rating specified. Bidders must submit evidence of these requirements with their bid.

The B.E.S.T. has applied for a loan in various currencies from the International Bank for Reconstruction & Development (International Development Association) towards the cost of these chassis, and it is intended that proceeds of this loan will be applied to payments under the contract for which this invitation to bid is issued.

B. TENDER FOR MACHINERY & EQUIPMENT

Similarly, the B.E.S.&T. Undertaking invites proposals for supplying Machinery & Equipment under the same project.

Prospective bidders from member countries of the International Bank for Reconstruction & Development and Switzerland may obtain the tender documents from the office of the Controller of Stores, The B.E.S.&T. Undertaking, Transport House, 4th Floor, Bombay 400 039, at a price of Rs. 500 - per copy or Rs. 3,000/- per set of 6 copies for Bus Chassis and Rs. 250 per copy or Rs. 1,500/- per set of 6 copies for Machinery & Equipment.

Last date for the submission of the bid proposals is.

A BUS CHASSIS	1st September 1976
B MACHINERY & EQUIPMENT	1st November 1976

GENERAL MANAGER

COMPANY NOTICES

JARDINE, MATHESON AND COMPANY LIMITED (Incorporated under the Companies Ordinance, Hong Kong)

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MURRAY FUND S.A.

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● OFFICE EQUIPMENT

Clean copy made fast

GESTETNER, the U.K. multinational with 1300 centres in 130 countries, believes it has a market winner with its new copying equipment newly launched under the name of FAXIL.

It produces copies almost indistinguishable from the original through a master made of a plastics material which is cut on the machine in two minutes when the original is inserted, costs 20p and lasts for 5,000 copies.

Materials which the machine can accept run from flimsy copy paper up to two-sheet board, and a new ink has been specially developed to be used with it. This formulation is called 519 and is a quick-drying fluid giving great image density.

White or coloured papers can be used and the originals are copied to an area of 13 x 8½ inches (33 x 21 cm). These can be drawings, letters, forms, handwritten material, etc., and they are reproduced at speeds of 150 copies a minute on equipment which requires no warm-up time.

The company recommends the equipment for use on copy runs from 25 to 5,000 and is making the machine for outright purchase, though leasing is available if required. There are no metering charges. It is planning launches in all major European countries in which it is operating.

Although there is a two-minute penalty to pay for going via a master, rather than getting "instant" copies, the quality is so good that potential users with a copying problem should look carefully at the new Gestetner machine.

Gestetner Duplicators, POB 23, Gestetner House, 210, Euston Road, London, NW1 2DA. (01-387 7021.)

Reproduces big sheets

MOBILE copying equipment which reproduces originals up to 14 x 18 inches (356 x 457 mm.) size for size is claimed as a low maintenance, high performance alternative to the traditional methods of reproducing large documents.

Designed for users with regular large document copying requirements — accountants, solicitors, surveyors and architects—the Xerox 3103 can also provide a rapid stream feeding facility for use when single copies of multi-page originals such as reports and manuals are required. Copies are produced at a speed of 16 per minute when stream feeding and eight c.p.m. for A3.

Flat platen copying is used for all types of original including three-dimensional to give a high copy quality of both solids and half-tones on ordinary sheet paper plus a light original/coloured background copy and contrast switch option.

Dimensions including stand are height 100 cm., width 72 cm., length 126 cm. and weight 156 kg. The working area is 138 x 207 cm.

Rank Xerox, Bridge House, Oxford Road, Uxbridge, Middlesex, UB8 1HS (Uxbridge 51183).

Non-stick copy paper

SMITH AND McLAURIN, U.K. manufacturer of electrostatic copy paper, has a new copy paper which has been developed for use on the new generation high speed electrofax copiers where the dispersant carrying the toner does not have time to evaporate before the copy is ejected from the machine.

This new paper overcomes the problem by allowing rapid absorption of the dispersant into the sheet thus producing a "dry feel" copy immediately. "Dry feel" paper overcomes the feeding problems which can occur due to the cling associated with normal electrostatic copy paper.

Although developed for high speed, Golden Copy 285 can also be used on the slower machines and in fact is suitable for over 95 per cent. of the wet toned electrostatic copiers available on the British market.

Smith and McLaurin, 55, West Street, Marlow, Bucks. Marlow 72249.

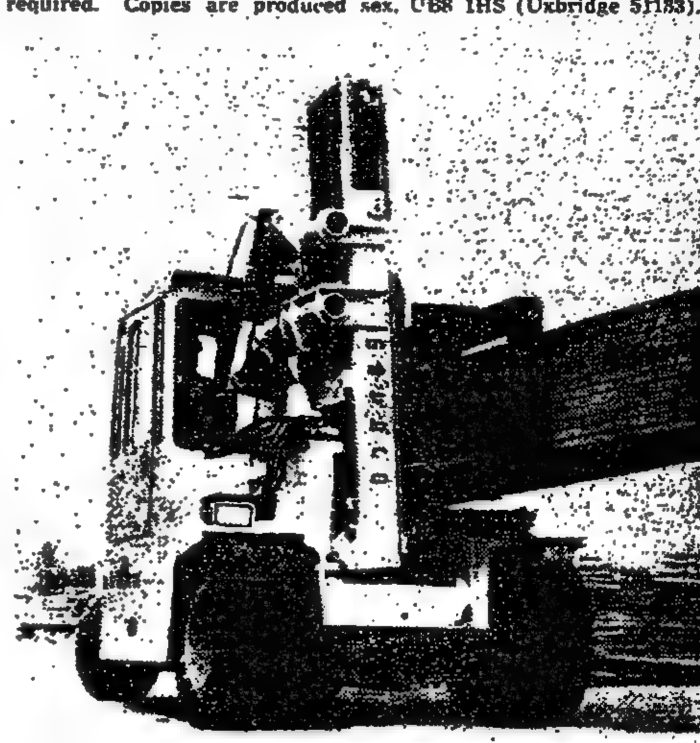
● HANDLING

Multistage pump range

CLOSE COUPLED vertical multistage pumps for high pressure applications are being marketed by British Guinard Pumps, Kernon Drive, Loughborough, Leics. (0509 31872).

There are three ranges, comprising 48 models, intended for cold water; continuous hot and cold water; and continuous heavy duty high pressure hot or cold water. Capacities are up to 110 gals./min., with heads up to 1,000 ft. and temperatures up to 95 deg. C.

The pumps are powered by electric motors, from 0.5 hp single phase to 30 hp three phase.



This fork lift truck can pick up a 20,000 lb. load on its 24-inch centre front forks, then slew it through 90 degrees to the side of the machine—a feature claimed as unique by the maker, Mathro, Horley, Surrey (02934 5322). Called the S.200 Swinglift, the slewing mast enables it to operate as a conventional front-end fork lift, but with the flexibility to handle long length materials in narrow aisles and confined spaces, plus the ability to stack in depth. Different models have lift heights varying from 144 to 240 inches, with a lift speed of 60 feet/minute. Wheel base is 120 inches and turning radius 167 inches. There are two forward and two reverse speeds, and power is from either a diesel or LP gas engine.

Weighing at low cost

MANGOOD 2000 is a range of equipment for medium-accuracy electronic weighing at low cost.

Instruments can be combined and provide system accuracies better than 0.25 per cent. They include an amplifier, batching unit, single and dual set point units and digital and analogue indicators. The whole range is supplied with all necessary interconnections, and is compatible with most high-quality load cell transducers.

Precise and stable operation is combined with simplicity of installation. Operation may be automatic or manual, and single and repeat cycling is incorporated.

Optional extras include an auto tare unit for dispensing operations, and a 12-column line printer.

Mangood, Polo Field Estate, Panteg, Pontypool. Pontypool 55112.

Impervious to grease

BASED ON waste paper, a grease-resistant coated board for the production of "Go-Cat" pet food cartons has been developed by Colthrop Paper Mills, in conjunction with Carnation Foods.

Hot-fill food cartons have previously required a separate liner because of grease penetration problems, which affects the appearance of the pack.

Initially, Waddingtons, Leeds, which print the cartons on a four-colour litho press, experienced some problems, but these were overcome by changing from conventional inks to the quick-drying type used on plastics. Standard PVA adhesive on a straight line gluer is used to make the cartons.

Carnation is currently using 1½m. cartons/month, and says it will be considering this type of carton for other hot-fill pet foods.

As well as applications in the food industry for packing any type of greasy food, particularly where grease penetration of the pack would be unacceptable, Colthrop envisages other packing applications for the board, such as packing grease protected metal products, for example ball bearings.

More from Reed Group Paper Division, New Hythe House, Aylesford, Maidstone, Kent ME20 7PB (06227 7777).

Non-slip conveyor coating

STATIC BELT conveyors can be used at steeper angles when coated with a material developed by Dycem Plastics, 15 Minto Road, Parkway Trading Estate, Bristol. (0272 560921).

Called Dycoat, it is a clear plastic applied to the cotton web of the conveyor by a heat transfer process. The maker says it will prevent heavy loads from slipping on conveyors installed at angles even up to 60 degrees.

If the conveyor is used to handle dusty or dirty packages, the non-slip effect of the coating can be restored by washing with a detergent solution.

● SAFETY

Protection from fire

WHILE IT can be used as a decorative finish, a thermoplastic resin-based paint called Flamegard has two other properties—it seals, protects and binds asbestos, whether in sheets or as insulation, and it provides fire protection for combustible materials.

Made by Plastics and Resins, Cleveland Road, Wolverhampton WV2 1BU (0902 53215), it already has Class 1, Part 7 and Class 0 ratings, and is under test for final approval as a non-inflammable fire-protecting finish. A water-based emulsion, it can be brushed or sprayed on, and provides flame protection of the intumescent (foaming) type.

Apart from its use to prevent asbestos dust hazards, other applications include decorative finish for wooden buildings. Standard colour is white, but for orders of 250 litres or more any colour can be supplied. Cost is 50p/sq. metre, and the paint is supplied in 5 and 10 litre cans—5 litres covers 14 sq. metres.

● COMPUTING

Surplus on 2960 for sale

COMPUTEL, the Bracknell-based computer service house, is to market surplus capacity available on the ICL 2960 computer at British Broadcasting Corporation. It is a further extension of Computel's policy of acquiring and selling 2960 capacity on agreed sites as a build-up towards the acquisition of its own machine.

Since October last year Computel has had exclusive access to the W. H. Smith 2970 at Swindon. All available commercial time on that machine has now been sold. Computel staff is being incorporated in the technical project team of the BBC to facilitate service for users.

Computel on 0344 26767.

Automated billet mill.

BRITISH Steel Corporation has awarded a contract to CAP (Computer Analysts and Programmers) to produce the software for a billet mill computer system at the BSC works at Stocksbridge.

The Stocksbridge system is based on minicomputer technology and will meet changes in operational requirements, including the need for greater accuracy in measurement and higher system reliability. It will become operational in early 1977 and will replace what is believed to be the oldest BSC process control computer, a 16-year-old Elliott 803.

New hardware includes a PDP 11 with 28K of core and two disc drives. The information displayed on the three terminals is relayed to the mill operators' pulpits on TV monitors. Most of the inputs from the mill are from Hot Metal Detectors and Pulse Counters. Mill operators' inputs are from a rugged keyboard. For testing and maintenance, a simulation panel and mimic will be permanently installed in the computer room. A direct link to the works' ICL 1900 machine will be used to feed customers' order details to the PDP 11.

CAP on 01-242 0021.

Switch to independent support

GKN SANKEY has placed with an independent computer maintenance company what is believed to be the largest contract awarded to an independent maintenance house on ICL 1900 data processing equipment.

Mills Associates will provide engineering maintenance services for a minimum three-year period to the big 1904E/1903A array at GKN Sankey's Bilston offices.

Under the terms of the contract, Mills provides full maintenance service to the central processors, to a substantial volume of communication hardware, and to a full configuration of peripherals including discs (EDS8 and EDS60), tapes (20 kch/s, 40 kch/s and 160 kch/s), fast line printers, and paper tape and card equipment.

GKN Sankey took the decision to go to an independent maintenance company when ICL notified them that they were terminating maintenance on the existing installation which was over seven years old. To re-equip with ICL equipment would have cost over £200,000.

Mills Associates, Wonastow Road, Monmouth NP5 4YE. Monmouth 2131.

● PACKAGING

Automatic labeller

TO SUIT the needs of the small bottler, a versatile fully automatic labeller capable of speeds up to 100 containers/minute, has been introduced by Morgan Fairest, Fairway Works, Carlisle Street, Sheffield S4 7LP (0742 28751).

Called the MF 100, it will apply paper labels to flat and round containers made of glass, plastic, metal or board, and with diameters from 1 to 7 in. Suitable for patch labelling, or for application of all-around or each labels between 3 and 12 in. long and up to a maximum height of 6 in., the machines are supplied with a short length of conveyor for right-to-left feed, and operate from a 13A socket. The only change part is the container worm feed, and maintenance is minimal as lubrication has been eliminated.

Overall length of the machine with standard conveyor and collecting tray is 5 ft. 2 in. and maximum depth is 3 ft. 6 in. The labelling section has transparent shielding to meet safety requirements.

● METALWORKING

Savings in machining

BY USING Desford (TI) hollow bar, as the machining stock for the neck rings of its new range of fire extinguishers, Chubb Fire Security has benefited from savings in raw material and machining costs while maintaining quality.

The neck ring, which is welded to the top of the extinguisher, has an internal thread into which the valve control system contained within the body of the extinguisher is screwed. The ring also supports the outer operating and discharge mechanism. This mechanism has been standardised on Chubb's latest water, foam CO2, dry powder and BCF extinguishers—a major advance towards simplifying the method of discharge where even the slightest delay can have catastrophic results.

The requirements of the raw material from which the neck ring is machined are freedom from porosity—essential when a pressure of 150 lbf/in (10 bar) has to be retained for periods of up to ten years in conditions ranging from tropical to sub-zero; good machinability; and ease of welding.

● COMPONENTS

Makes fast tube joints

DIFFERENT TYPES of adaptors, reducers, tees, elbows, bulkheads, and swivel plastic fittings for 4, 6 and 8mm nylon tubes have been introduced by Schrader Pneumatics, Walkmill Lane, Bridgtown, Cannock, Staffs. (05435 4011).

They are intended to provide fast simple connections: the tube is pushed into the fitting and locked in position by raising an aluminium collar with a special tool.

● ELECTRONICS

Micros can last for decades

RELIABILITY tests conducted by Motorola on its MC6800 microprocessor have demonstrated that the MC6800 is even more reliable than so far claimed. Test results show a total failure rate of only 0.17 per cent. per thousand operating hours.

This is equivalent to a mean-time-between-failure of 588,000 hours—more than 67 years! The corresponding median life (the 50 per cent. failure point) is 406,000 hours, or over 46 years.

These reliability results make Motorola confident that by the end of this year the failure rate will be still lower, at 0.1 per cent. per thousand hours, thanks to improvements in the manufacturing process and the final rate predicted is 0.08 per cent. per thousand hours or an MTBF of 142 years and the median life 98 years! All these figures relate to an operating temperature of 70 degrees Centigrade.

Users of micro-computers all over the electronics industry will be wondering how to equate this with their own systems reliability experience, and while this may well be a somewhat earthy way of looking at the problem, it is nevertheless true that micro-based equipment is much harder to program properly than any other type of computerised equipment. Thus whatever the "component" performance, the final product is dependent on so many variables that MTBF figures mean relatively little.

Further from Motorola on 01-902 8836.

● INSTRUMENTS

Laser for the pipe-layers

RUGGED and easy to operate, a laser-based instrument has been developed in the U.S. by Construction Laser Systems, Inc., suitable for use by building and construction site workers to gauge the correct fall when laying gravity flow pipe lines.

The laser beam is projected either through or above the pipe to a tripod-mounted sighting instrument at the other end of the run. If the laser is inadvertently moved the beam is automatically cut off. Grade control is automatic and the laser is remotely controlled from the sighting instrument.

Called the Accubeam V, the instrument's laser gives a beam spot 1-inch diameter at 300 feet. It is accurate to within ±0.0 per cent. and can be operated from a 240-volt mains supply via a transformer, or from a 12-volt battery.

The control unit, weighing lbs., is 4½ x 7 x 15½ inches high and is marketed in the U.K. by Survey and General Instrument Company, Fircroft Way, Edenbridge, Kent (073271 4111).

FINANCIAL TIMES REPORT
Wednesday June 30, 1976

West Yorkshire

An area of strong individuality is energetically seeking new industry. ALAN FORREST, who wrote this Report, describes the existing dependence on older manufacturing industries — the textiles, clothing and coal. Local leaders feel the area's problems are not fully understood in Westminster.

County finds its feet

FEW PEOPLE of the West Riding understood quite what they had got when the new West Yorkshire metropolitan county emerged from the local government boundary changes of two years ago. It was the old West Riding—and it wasn't. There was that newsheet from the Leeds District urging them to stop talking about "ridings"—"they now belong to history."

It was Leeds and Bradford and Wakefield and Dewsbury and Batley and Halifax and Huddersfield—and it wasn't. Dewsbury, Batley and Huddersfield, it seemed, had joined together to be Kirklees, and Halifax turned into something called Calderdale.

A visitor to the county soon after it was launched found a certain amount of confusion. A lot of fiercely independent people resented having their local allegiences changed by the stroke of a bureaucrat's pen. Two years later you find a lot of the resentment has gone. The county authorities have done their evangelistic work well and persuaded people that it all makes sense from the point of view of economic and industrial planning. *And in a time of recession any organisation who can persuade people that they're serious about matters like job creation will touch an answering chord.*

But you get the impression that the Labour-controlled council is still very much on trial. It is a vast area, 767 square miles of it with a population of over 2m. It is the industrial heart of Yorkshire, with a high proportion of its workers traditionally employed in textiles and other old manufacturing industries. It has an unemployment problem like most other areas of its kind.

Shortcomings

The county's base is the small cathedral city of Wakefield. There its most passionate spokesman is Mr. Kenneth Woolmer, the Leader of the Council. Mr. Woolmer is right outside the tradition of the old Yorkshire political bosses. He is still in his thirties, an economic lecturer at Leeds University and prospective candidate for Batley and Morley, a safe Labour seat which becomes vacant at the next election. When Mr. Woolmer talks about the shortcomings of Westminster, as he often does, he is still modest enough to say: "I hope I'll be there soon." There doesn't seem much doubt.

The Merrion shopping centre in Leeds.

But he is far from modest when plugging West Yorkshire's case for a larger share of the national cake. He deplores the actions of successive governments in building new towns instead of investing in areas like West Yorkshire. "I can't understand how anyone can think that the answer to London's problems is in building an overspill town 80 miles away. The answer to the South-East's problems is here." If he is challenged about public spending limits, he accepts the need for them, but points out that West Yorkshire gets less than its due share of funds for some essential services and the important thing is to examine priorities.

He says that trying to get a fair deal for West Yorkshire gives him a lot of sympathy with the Scots and the Welsh and if London-bound MPs would spend 12 months with him in West Yorkshire they would understand what demands for devolution were all about. You feel: this is an important remark, because it isn't only in County Hall you sense a stirring of a Yorkshire version of "nationalism."

Yorkshire people have always felt they were members of a small independent nation. But the feeling usually stopped with cricket, a belief that they sing better than the Welsh and an illogical suspicion of all things southern. *This has changed.* They are determined that they will not be left out in the cold economically but welcome the "incomers"—businessmen and their managers who invade the county from the south and Europe.

They are more ready for change. They have seen the faces of their towns transformed. Some of the older hands don't like the results. The young people, in general, do. They welcome the kind of shopping scene and night life which is a cross between Majorca and Middle America with a Western saloon within sight of Bradford Cathedral. They remember the lost old pubs their elders regret as just dreary drinking dens.

Most people agree that a quick look at West Yorkshire life suggests the country is weathering the economic storm very well. But those in the know are worrying about the *immediate future. The harsher facts* are spelt out in West Yorkshire's section of the Yorkshire and Humberside Regional Strategy Review presented in March, 1976.

West Yorkshire challenged the Government's view of the future of wool textiles in the area as over-optimistic. "The outlook for wool textiles, clothing and to a lesser extent coal mining has become increasingly black as these three basic industries have come under growing pressure from foreign competition.... These industries account fo 19.1 per cent. of all employment in West Yorkshire and 41 per cent. of all primary and *manufacturing industry* and employment."

The report also regretted the way West Yorkshire had fared in the Government's programme of diversifying civil service jobs, "though the Hardman Report recognised Leeds as an efficient solution." It points out: "This dispersal programme was particularly significant for West Yorkshire because the jobs involved were of a different character to those of former programmes—the formulation of policy and its implementation at higher levels. Such employment could have made a substantial contribution to career prospects and the low income problem in the county."

Earnings

On low incomes, the report discloses that the proportion of workers in poor quality jobs is higher than the national average. "West Yorkshire has the lowest average gross weekly earnings, the highest proportion earning low wages and the longest average working week for all full-time male employees.

"Only a *few* counties—and those are rural—demonstrate poorer characteristics, and this is due to low agricultural wages."

This does not clash with Kenneth Woolmer's vision. He talks optimistically about the long-term future of West Yorkshire. He and his colleagues believe that the jobs will come. They believe that what West Yorkshire has going for it will win in the end—hard-headed loyal workers, pleasant surroundings, *even greenery* among the old mill chimneys.

Industrial changes

ALTHOUGH a lot of outsiders see West Yorkshire as all mills and mines, it is not even half the story, as anyone who grew up in the area during the last half century knows. The area is a great centre of the printing industry with Sharpe's and Lund-Humphries, the famous fine art printers, at Bradford, to name but two. A factory at Halifax gave cat's eyes to the roads of Britain. More than 20,000 West Yorkshire people work in food, drink and tobacco manufacture, while there are 38,000 in clothing and footwear.

But it is the wool textile industry that has stamped itself on the character of most of the towns in the past. Bradford, in particular, grew up on wool. When the city centre was massively developed, many fine buildings went under the bulldozer, including its only Regency treasure, a pub. But nobody dared to touch the Victorian Moorish-style Wool Exchange.

Mills are always good for a joke, black by the side of a steaming dam with tall ridiculous chimneys, but many of the West Yorkshire ones are quite noble buildings. They are pleasanter, older locals claim, than a lot of the modern concrete factories on the industrial estates—at least, from the outside. But turning raw wool into cloth was traditionally a greasy, noisy, dirty job and proud parents of the years before World War II used to vow their children and grandchildren would never "work in t'mill!" They got their wish but in a way they did not expect.

The industry has made itself more efficient and cleaner in recent years. A series of mergers have brought about a rationalisation which was long overdue if the industry was to compete with rapidly-growing low wage textile industries in other parts of the world. But in making changes the mills have shed a lot of jobs. So now people do not have to go "into t'mill." The trouble is that in the present economic climate there are not enough other jobs in West Yorkshire's old textile areas to make up for the lost places at the loom.

Conflict

This is why there seems to be a confusing conflict between the ideas of the county's industrial planners about the industry and those of the leaders of the industry itself. The county council's view that people are over-optimistic over the industry's future relates to its ability to provide jobs. The optimism of the millowners is based on what they feel is a golden future under rationalised conditions.

Mr. Michael Roberts, chairman of the Wool Textile Delegation, based in Bradford, has just announced in the local press: "The outlook for wool textiles is now distinctly better than at any time during the past three years." This is good news for Bradford and district. He points out that wool, one of the first commodities to be hit by world recession has been one of the first to recover.

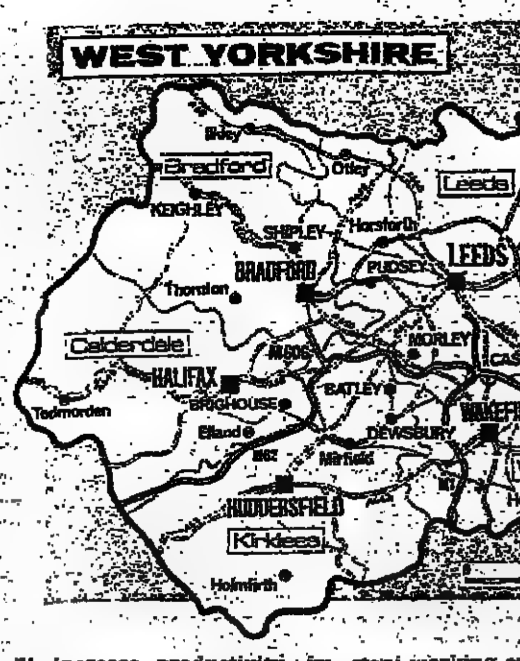
Activity in combing, topmaking and worsted spinning has been steadily improving in recent months. Mr. Roberts makes a guarded promise of an improvement in employment. "These sectors of the industry have been rebuilding their labour force. If present expectations materialise, they will have to operate more shifts and take on more operatives in the autumn."

It was textiles that gave the cities of Bradford and Leeds, fierce rivals in everything from town planning to sport, a great link. Leeds was always the centre of the wholesale tailoring trade. The factories of the great High Street multiples, Burton, Hepworth, John Collier, are in the larger city and in the days of cheap British wool and worsted cloth gave the mills of Bradford and Halifax and Huddersfield a doorstep market.

Some of those companies have been hard-hit by cheap imported foreign suits. Others have concentrated a big share of their business on retailing, run down their manufacturing and further diminished the demand for Yorkshire cloth. Mr. Roberts sounds a warning on this subject. "The flood of cheap suits and jackets from Romania, Poland, Czechoslovakia and other Comecon countries remains unabated, despite the warnings of the textile and clothing industries."

But the wool textiles industry has managed to boost its export earnings to about £250m. a year, a proof, Mr. Roberts says, "that our relatively small labour force is more than pulling its weight in the struggle for national solvency."

The industry is still proud of the scale of its investment plans. Over the next two years more than £50m. will be spent on new machinery and buildings, which will increase productivity, improve working conditions and improve the West Yorkshire environment.



Changes in the industry over the last 20 years are many. The years have seen the growth of the Illingworth Morris group into a giant of the industry. On the other hand, a one-time giant of the dyeing and finishing side, the Bradford Dyers' Association, has shrunk. Other household names have gone. But the Ramsdens and the Emsleys and the Amblers and the Salts, the great mill-owners of the past, are enshrined in statues, public halls and hospital wards.

Once a typical worker would be a squat man in a cloth cap, slightly deaf from the row of the old mills. Now it is as likely to be a turbaned Sikh or a Pakistani working every shift he can get in a woolcombing mill and hoping he can soon give it up to start a grocer's shop.

"It is a better life than it used to be," a member of a family with three generations in the industry told me. "But we've paid a price for the changes. A lot of jobs have gone. It couldn't be any other way."

The old order in the mills survives only in TV scripts and the imaginations of novelists who still seem to live in the world of the Brontes. It survives, too, in a remarkable museum, an old mill in Bradford which shows the industry as it was to school children and tourists. Everything is there—even to the mill manager's house as it was in the days when they "lived in."

Drive to create new jobs

YESTERDAY, West Yorkshire's industrial planners laid on their most ambitious project yet. They booked a block of seats on a British Airways jet and flew 62 South-Eastern industrialists from Heathrow to Yeadon on a sight-seeing trip.

There was lunch at County Hall, Wakefield, and drives round the whole county looking at industrial estates and pieces of vacant land where factories can be sited.

The trip was the culmination of a project launched by Mr. Geoffrey North, the county's industrial promotion officer. He contacted 7,000 businessmen by direct mail, inviting them on the flight. The figure the county decided on was 62, but the response was so good that a few days before the flight there was a waiting list for cancellations.

Recently, too, the county took part in a joint Yorkshire and Humberside project. They hired a train and sent it round South-East mainline stations, Euston, Marylebone, Guildford, Brighton, and many others, carrying an exhibition which was a West Yorkshire shop window for businessmen who might be looking for development opportunities outside the high wage and high rent belt of London and the South East.

Around the pubs and other public places of West Yorkshire, you hear some pretty cynical remarks about this kind of spending in a time of recession. But the county's planners are certain they are on the right lines.

One of the county's problems is the decline of the textile industry. The industry's leaders prefer to call it "rationalisation"—certainly, wonders have been done in productivity and the industry's export record is good—but the overall effect is less jobs and in areas where traditionally as many as half the working population earned their money in the wool textile mills.

The problem is seen at its height in a city like Bradford—which has always regarded itself as "Woolopolis" and even named its fine city art gallery after Cartwright, the inventor of the power loom—and the heavy woollen district of Dewsbury and Batley. One pessimist put it this way: "All the double talk about 'rationalisation' can't hide the fact that things are tough. Anybody now in his fifties and earning his money from textiles is going to see hard times for most of the rest of his working life."

Council Leader Kenneth Woolmer argues passionately that areas such as these should get a lion's share of Government consideration for industrial development. About Leeds he is optimistic. "I don't lose a single night's sleep over the future of Leeds," he says: "It is going to be the capital of the North. No businessmen considering investment outside London can ignore Leeds. But there are other parts of this county which are not so lucky."

Mining

Another bright spot is Huddersfield, known best as a textile town and the home of fine worsteds (Huddersfield worsted suits fetch about £300 retail in Tokyo), but cushioned against the worst by a big ICI factory and a healthy engineering industry. And the Wakefield District looks to the future brightly, expecting a rebirth of its mining industry when the huge new seam at Selby is underway.

But Mr. Woolmer believes there must be diversity in the county as a whole. Hence the search for new industries. The planners point to a good labour force with a history of industrial peace. Mr. Calcin Remmert, a Texan who is plant manager of Cameron Ironworks, a U.S. company that expanded into Leeds some years ago, said recently: "If you provide Yorkshire people with good wages, good working conditions and meaningful employment, you'll attract a strong workforce." And he adds that in the 12 years since he arrived from Texas, the factory has had only two short stoppages.

It is impossible to look at employment in West Yorkshire without considering race relations. The recent clashes between immigrants and the National Front in Bradford have been given wide national publicity. Many people in West Yorkshire believe the situation has been overplayed. Certainly the local newspapers, particularly the Bradford Telegraph and Argus have handled the matter very responsibly and done much to reduce the temperature.

Level-headed people point out that Bradford and its surrounding areas have always had immigrants. It is hard to imagine any permanent racial strife in a city where some of the leading businesses have borne names like Kassapian and Faustino Fano. Indeed, Bradford had its little India long before anybody had heard of the National Front. As one liberal Bradfordian put it: "Where are all the Poles and Ukrainians and Latvians who came here after World War Two? The're Bradfordians now. It will take a little longer with the Asians because they happen to have darker faces." Kenneth Woolmer describes the present troubles as "just a hiccup," but admits Asian leaders are worried. However, there seems little in the racial situation to frighten away industrial development.

It is impossible to discuss the facilities for new industry in the West Yorkshire area without mentioning Bradford University. It grew out of the old technical college in Little Horton Lane, once the main training ground for the managers and technicians of the wool textile industry as its neighbour, the Regional College of Art, was for the design side.

The university now has one of the most famous and up-to-date management training centres in the world. It has a staff of 60 and the greatest variety of courses and the largest intake of post-graduate students in the U.K. But its great workaday value to businessmen, besides its senior executive programme, lies in its short courses ranging from one-day seminars to six-week sessions for senior management.

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WEST YORKSHIRE III

An environment for many tastes

WHEN GREEK meets Greek they open a restaurant. When a Yorkshireman meets Yorkshireman, they either play cricket or sing Handel's Messiah. Opportunities abound in the new metropolitan county to indulge both these passions—and a lot more. Certainly, any visitor from south of the Trent expecting a life among dark satanic mills and cloth-capped comedians will be pleasantly surprised.

Of course, the days are long past when J. B. Priestley could write of chamber music concerts in the elegant wool merchants' homes along Manningham Lane, Bradford. And more recently, in the early 1960s, the old town centres suffered from the slump in traditional live entertainment. Leeds lost three theatres—the fine old Empire became a department store and a promise by Moss Empires to rebuild on another site never materialised, because variety died around the same time. Bradford lost one theatre and smaller towns like Halifax and Keighley their only theatre.

Traditional

But in recent years much has happened to fill the gap. The traditional theatres in Leeds and Bradford are now under the municipal umbrella. Bradford actually owns its famous Alhambra, Leeds has bought the lease of its Grand with a pledge to keep it going as a theatre as long as the lease lasts. And all over the county—aided by generous chunks of public money—smaller, more avant garde, theatres have sprung up.

For example, the small urban district of Bingley, setting of John Braine's best-selling novel, Room at the Top, now has a fine arts centre which any big city might envy. Its range is wide.

The traditional centres continue to thrive. Bradford has its famous St. George's Hall, over 100 years old and one of the finest British concert halls. Leeds is well served with music, too, and the Triennial Festival, steered to international fame by people like the Earl of Harewood and *clothing manufacturing business* leader Sir Jack Lyons, is claimed as Britain's showcase of choral music. At Huddersfield, perhaps the pleasantest of the smaller West Yorkshire towns, the world-renowned Choral Society still flourishes.

But the leisure development which has brought the biggest change to the life-style of the ordinary working population of the county is the growth of clubland. These down-market night clubs, grown out of the tradition of the old spit and sawdust working men's clubs, are still a big attraction, in spite of tightened belts and late-night liquor laws that don't exactly hasten conviviality.

Perhaps the best-known one is the big Variety Club at Batley, a small town in the Heavy Woollen District, setting of another well-known Yorkshire novel, Keith Waterhouse's Billy Liar. It was the Variety Club that shot into the headlines by booking Louis Armstrong for a week's season. It is said that when Armstrong accepted the date he was under the impression that Batley was a London suburb and wasn't too pleased to discover it was 190 miles from what he regarded as British civilisation. But he played the date, was a brilliant success, and was the first of a long list of international stars to take the M1 to Batley.

You hear divided opinions about the clubs. Some people, who cannot be dismissed as stuffed shirts, deplore them, arguing that—with their increasing exposure on national television networks—they perpetuate just that cloth cap and fish and chip image the county wants to shake off. Another more serious complaint is the racial nature of a lot of the jokes—from cheerful comperes and comedians. Some Asian leaders believe that with prejudice at a peak at present, the clubs are not helping the situation.

The facilities for outdoor life are considerable. Tourism chiefs point to West Yorkshire's enviable setting for exploring the greener and pleasanter parts of the north of England—two coasts, Lancashire and Yorkshire and the Lake District an easy day trip away and rugged dale country within 45 minutes' drive of the town centres.

Flourishing

Ilkley, the little moorland town Yorkshiremen sing about, has been described as "the jewel in West Yorkshire's crown." It has several points of appeal—handsome houses for the better-off commuter to Leeds and Bradford at much below London prices, miles of unspoilt moorland a few minutes from the town centre, a good concert hall and a flourishing little theatre.

These days it is setting out its stall to attract more conferences. In this area it has always been left behind by its near neighbour, Harrogate (now in the North Yorkshire county). The National Union of Journalists has chosen the town for its next annual conference and many other important organisations are interested.

Sports facilities are excellent, too. The amount of greenery close to town centres mean excellent golf courses within minutes of a businessman's office. Cricket is a religion. There are two regular county grounds in the area, Leeds and Bradford, and several others where occasional county matches are staged. And though Yorkshire seem to have lost their grip of the county championship (that expert Freddie Trueman says it will be the late 1970s before they top the table again), *cricket is generally of a high* standard. The local leagues, which nurtured stars like Jim Laker, provide an exciting Saturday afternoon.

There is plenty of soccer—from the giants of Leeds United to the humbler league clubs like Huddersfield and Halifax Town. A short car trip over the *Lancashire border* will take you to Old Trafford and Manchester United, but don't let any Yorkshireman know you're going. And though West Yorkshire is the birthplace and stronghold of Rugby League, there are dozens and dozens of Rugby Union clubs that welcome both players and supporters.

All this make West Yorkshire a pleasant place to live in. This isn't to say that prospective residents don't need to shop around. In spite of major clean-ups of the old towns, there are still some unlovely patches, bits of the area near Leeds city centre, where development has not caught up and chunks near central Bradford which are developing into Asian ghettoes. The county's planners are determined that these problems will be dealt with when prosperity returns.

Transport links improve

NOBODY GOING back to the town centres of the West Yorkshire county after an absence of even 15 years would recognise them any more. Their transformation has been brought about with the occasional eye for beauty and not too much vandalism.

Bradford was the quickest off the mark. It tore itself apart. The old steep cobbled streets designed to give a grip to the wheels of the wool drays went. Any visitor now feels as if he is in a space age city.

Leeds took things steadier. In spite of its new blocks and pedestrian precincts, it has retained its old flavour as a noble Victorian city and its central development seems to have made most sense commercially. This is in some way accounted for by Leeds' position as the first city of West Yorkshire, a status that can hardly be challenged, although Bradford would challenge it on principle as it has been doing, according to Professor Asa Briggs in his book, *Victorian Cities*, for more than 100 years.

Leeds' new office blocks are now housing regional headquarters for some of Britain's leading commercial companies, concerns like *Norwich Union*, County Bank, the merchant arm of NatWest, and Hambro Life. A County Bank spokesman says: "It seems to be the right place to be. Leeds has established itself as the commercial centre of Yorkshire. From here we can offer the whole range of merchant banking services to companies anywhere east of the Pennines."

Leed's business development is continuing with the big Raglan Centre, a new complex which will contain, as well as commercial premises, a new British Home Stores and a Boots Department Store. And there are talks in progress about another major site behind The Headrow. All this has been good for Leeds. But the county's planners believe that it is illogical for commercial firms to think of Leeds alone when it comes to office siting.

Painless

After all, they argue, there are few places with easier communications. Take Leeds and Bradford. The speedy and regular train service does the 11-mile journey between the cities in just over 15 minutes. This means that anybody can leave Leeds city centre and be at any point in Bradford city centre in about 25 minutes. Communications are quick and painless between most of the other centres.

So the policy is to persuade commercial undertakings to look further than Leeds. Planners point to bargain office rents all over the county. The Kirklees Council (centred at Huddersfield) offers rents at 20 per cent. the South-East figures. Calderdale, which started looking more like a commercial centre when the Halifax Building Society decided to build its new multi-million pound headquarters in the centre of Halifax, is also putting out the bait to office-hunting businessmen.

The authorities believe this spreading of the office population over the county would be more feasible to-day because the old West Riding dislike of long-distance commuting is dying. "It's a long time since people had to live in a back-to-back house 50 yards from the mill," one local businessman said. "And wherever you live in West Yorkshire, you're never likely to have the journey to and from work of the average London office worker."

After accepting the smoothness of travelling within the county, are long-distance communications good enough to attract more businessmen? On the whole, they are. There are frequent Inter-City expresses between Leeds and London. The journey takes around three hours, but one hears frequent complaints about an important mid-afternoon train that takes 40 minutes longer.

The M1 link with London is ideal for motorists and the road link-up between the two ports of Hull in the east and Liverpool in the west an attraction to business. The Leeds-Bradford Airport at Yeadon, besides offering regular return flights to Heathrow and services to Amsterdam, Belfast, Dublin and Scotland, offers good facilities for private company flying, facilities used regularly by Yorkshire managers of such companies as Philips and Rowntree-Mackintosh. And planted midway between Leeds and Bradford, the airport offers as painless a journey between aircraft and business as any executive could wish.

Hotel accommodation in the county has improved considerably in recent years. New hotels like the Norfolk Gardens in Bradford and the Ladbroke Group's Dragonara in Leeds have provided a more sophisticated range of services than one normally expected in these old industrial centres. The older Queen's (British Transport) in Leeds, one of the last of the grand hotels, offers built-in nostalgia, plus a hearty chat with TV's Eddie Waring if you happen to be in the bar at the right time.

All the district centres are compact enough to enjoy on foot without getting footsore. A lot of Leeds' main shopping streets are refreshingly traffic-free. But council Leader Kenneth Woolmer is not satisfied with the centres yet. He welcomes the office jobs provided, but says: "We mustn't have cities that are faceless and uniform. The public doesn't want them. They want to have city centres with character — that can be lived in.

"One of the things that sets London above all other capitals is the parks and gardens right in the centre. I'd like to see more of this in our centres, more greenery, more little parks."

It is hard to knock the enthusiasm of a visionary, even if you know, as he knows, that there's a long hard road ahead.

PARLIAMENT

Angry exchanges in shipbuilding debate

Varley warns on jobs loss if takeover is delayed

BY JOHN HUNT

A WARNING that any further delay to the Government's plans for the nationalisation of the shipbuilding and aircraft industries would prove fatal to whole aircraft factories and whole shipbuilding regions was given to the Commons yesterday by Mr. Eric Varley, Industry Secretary.

"The shipbuilding industry is facing its worst crisis for 40 years," said Mr. Varley. "It is the survival of this industry that is now at stake—the very survival."

"That is really the fire that the Tory Party is playing with, and it is the workers of the country that are going to get burned," he declared.

Mr. Varley was speaking in the debate on the "replay" of the controversial vote taken a month ago on whether a Select Committee should now be set up to hear witnesses from the industry after the Speaker had ruled that the Bill was prima facie a hybrid measure.

In a heated debate, which was again marked by constant angry exchanges across the floor of the House, Mr. Michael Heseltine, shadow Industry Secretary, said that the Government had known the rules, had broken the rules and had been caught out. So now it was seeking to suspend the rules and press ahead with the Bill.

That was the dangerous step it was taking and in so doing undermining the constitutional rights of one of the greatest democracies in the world.

He accused the Government of spending £300m. of the taxpayers' money to take over 43 companies in both industries merely so that it could run them down.

MR. MICHAEL HESELTINE

"Government broke rules."

Reality

Mr Varley, dealing with the aircraft industry, said that not a single proposal for a new independent project had come from the companies concerned. There had, however, been new proposals put forward involving total underwriting by the Government.

"That is not much of an achievement. The industry is no longer prepared to back projects with its own money and its own judgment," he observed.

"I say quite solemnly that unless we get on with nationalisation quickly, the British aircraft industry may find itself excluded from major new developments which can bring jobs and ensure the continuation of technological capability.

"The very future of civil aircraft manufacture in this country is at stake. That is the stark reality."

Further delay in nationalisation would entail the loss of jobs in the Home Counties, the West Country, North Wales and Scotland.

He said that Lord Beswick, chairman of the organising committee for the nationalised aircraft industry, intended to maintain a separate identity for Scottish Aviation Limited with "a high degree of local autonomy as a separate profit centre in British aerospace."

Mr. Varley saw a continuing future for aircraft work at Prestwick.

In the shipbuilding industry, the Secretary of State said that leading figures were pleading to be able to get on with their work under nationalisation. "This industry is the most serious industrial problem facing the Government. The stark fact is that the problem of shipbuilding is now urgent. Time is not on our side."

The world-wide order crisis for shipbuilding was well known, said Mr. Varley. In the past 18 months the volume of orders in our yards had been only 20 per cent. of normal. World orders in 1975 had been only half those of 1974 and the first half of this year had been running even lower.

"It is not a short-term cyclical recession. This is clearly more serious than that."

The Government intended to maintain a healthy and efficient shipbuilding industry in this country, said Mr. Varely. It was not going to shrug its shoulders and allow the shipbuilding industry to disappear.

Because of the delays in the Bill resting day for the industry would inevitably be held up. British Shipbuilders would not be able to get on with the planning that was so desperately needed.

Dealing with jobs in shipbuilding, he spoke of the need to maintain the maximum level of employment which was practicable in ports in the North East and North West and in Scotland. The Government could not ignore the fact that whole communities depended on shipbuilding and ancillary industries. Public ownership was their last hope.

British Shipbuilders would provide these yards with the modern equipment so badly needed.

The Government was absolutely determined to maintain shipbuilding in Scotland, he added. "Nobody can give an absolute guarantee that every job will be preserved. But we want to make sure that we have a credible shipbuilding industry in this country."

Mr. Varley added: "We can't give specific guarantees about yards. It would be very foolish to say that every yard throughout the U.K. is going to be maintained."

Mr. Heseltine proposed that in the event of a tied vote, the Speaker should rule that the Bill go to Select Committee to iron out the problems of hybridity.

He appealed to the Government to support his proposal to "demonstrate their good faith" in remedying the Opposition's sense of grievance which the Prime Minister admitted existed

"We do not want to see this Bill proceed, and we shall use every constitutional means at our disposal to stop it," he declared.

Mr. Heseltine then turned to the main argument about "hybridity"—that because the Marathon shipyard on the Clyde was building a vessel classified as a ship, at the appropriate time it should not have been left out of the list of companies to be nationalised.

Mr. Heseltine said that the draftsmen had been instructed to draft the Bill so that Marathon should be left out.

There were angry shouts from the Labour benches as he added: "They acted on their instructions to hide the hybridity."

Labour MPs demanded that Mr. Heseltine withdraw his accusation as he went on: "The Bill was drafted deliberately to exclude Marathon, and in that context it was a hybrid Bill from start to finish."

Petitions

Mr. Heseltine said that only "diligent and patient research" by Mr. Robin Maxwell-Hyslop had revealed the Bill's hybridity.

The Government claimed that the crisis facing the two industries was so great that only nationalisation could save the jobs involved. But nationalisation had been shown to be only a way to run down industries more slowly, at a cost of "untold millions."

There would be no difficulty in negotiating a rationalisation of the industries at trivial cost, he said.

Sir Derek Walker-Smith (C., Hertford E) described the Government's plans as "a general, unsubstantiated, and improbable assertion that the position would be improved by nationalisation."

Since the original debate, there had been 19 petitions lodged by ordinary citizens, aggrieved by the Bill, whose rights should be safeguarded.

Mr. Eric Heffer (Lab., Walton) said the hybridity question had arisen in a technicality. "Those who work in the shipyards are fully aware that an oil rig is an oil rig, and that a ship is a ship. It's purely a technicality that we are arguing about."

Mr. David Lambie (Lab, Ayrshire C) said that in the present political climate, as shown by the Rotherham by-election, a general election would mean a Conservative Government with a massive majority. This would bring poverty and starvation to aircraft and shipbuilding workers in Scotland.

He warned Scottish Nationalists that a Conservative Government would also kill the Devolution Bill which meant there was no chance of a directly elected assembly in Scotland by 1978. "Is that what the SNP want? If they again support the Conservative Party to-night they are voting for these things."

Mr. Richard Wainwright for the Liberals, said that little had changed since the last vote, and all Liberal MPs would be voting against the Government.

Mr. Enoch Powell (UUU Down S) said he and his fellow Ulster Unionists saw no reason to change their minds from the position they took in the last debate. They would be supporting the Conservative motion that the Bill be recommitted to a Select Committee.

Owen hints at steps to limit drugs bill

Financial Times Reporter

SOME RESTRICTIONS may have to be imposed on the prescribing of drugs by doctors in order to limit the costs now falling on the National Health Service, Dr. David Owen, Minister of State for Health, hinted in the Commons yesterday.

He envisaged this possibility after stating that in 1975 the total cost of drugs, dressings and appliances dispensed in the pharmaceutical services in England was £379m.

Replying to Dr. Gerard Vaughan who, from the Opposition front bench, had asked for some reassurance that the Government had no intention of introducing legislation to restrict the right of doctors to prescribe, Dr. Owen said he had frequently urged the medical profession to recognise that they were making economic decisions

At present, he stressed, the drugs bill was open-ended and he believed that unless the medical profession was able to show some economic restraint any future government would be forced to look at other means.

Up to now, the Government had relied on education to influence doctors in limiting prescriging, and he hoped that this would enable the drugs bill to be kept within reasonable grounds.

Mrs. Lynda Chalker (C., Wallasey) complained of over-prescribing by quantity, particularly by hospital doctors.

Dr. Owen said this was again a question involving clinical freedom and it was impossible to isolate one area in imposing restrictions. But many hospitals required a consultant's signature on prescriptions for expensive drugs and junior doctors were only allowed to prescribe from a limited list of drugs

In the course of the exchanges, Dr. Owen acknowledged the part played by the voluntary price reduction scheme in reducing the excess profits which were a feature of the drugs industry in the 1950s and the early 1960s. He praised the efficiency of the industry and its contribution to the nation's export earnings.

Mason sees changing defence mood

MR. ROY MASON, Secretary for Defence, said yesterday that he had detected in recent months "a shift in public opinion in favour of defence.

"The question more people are now asking themselves is 'Have we cut too much?' rather than 'When are we going to cut some more?'"

Addressing the National Defence College, Latimer, Mr Mason said that despite the growing recognition of the Soviet conventional arms build-up, "we cannot, unfortunately, conclude that more resources must be made available for defence in the West.

"There are wider pressures to take into account, whether we in the Ministries of Defence or the Armed Services like it or not. These pressures come from Parliament, from the Opposition, from within political parties, and ultimately from the public. I have to take into account all these pressures."

Textiles aid scheme study

Financial Times Reporter

THE GOVERNMENT is considering a request from the wool textile industry for a further scheme of assistance in addition to the £18m. already allocated, Mr. Alan Williams, Minister of State for Industry, stated in the Commons yesterday.

He also told MPs that the Government is considering requests from the Lancashire cotton and allied textile industry and the British jersey fabric industry for schemes under section eight of the Industry Act 1972.

Ennals challenged by Tories over doctor emigrants rise

THE NUMBER of doctors leaving Britain to work abroad has almost doubled since 1970-71 according to figures announced by Mr. David Ennals, Social Services Secretary, in the Commons yesterday.

He told MPs that in 1974-75, preliminary analysis suggested that more than 1,000 U.K. and Irish-born doctors left Britain and the number returning may have been less than 550. This compared with an outflow of 512 in 1970-71, 625 in 1969-70, and 543 in 1968-69.

The number of doctors returning to Britain in those years had remained constant at just over half the number leaving—386 in 1970-71, 387 in 1969-70 and 365 in 1968-69.

The most popular countries for emigrating doctors were Canada and the U.S., which, together, claimed just over half the total of doctors leaving Britain in each of the three years for which figures were given.

Mr. Ennals said that information about the grades of emigrating doctors was not available.

Mr. John MacGregor (C. Norfolk S.) warned that "all the signs are that figures will soon be up again on those near-record figures of 1974-75 because of the low state of morale in the profession due to their poor terms and conditions and poor salary prospects compared with overseas."

Mr. MacGregor added: "Many consultants in hospitals serving your own constituents are working in European hospitals as locums in their holidays." No doubt they were "testing the water."

Mr. Ennals replied that the present outflow "which does concern me" had started in 1972-73. It was true that U.K. doctors were in considerable demand overseas

Even now, the Minister indicated, the figures were below those of a decade ago. There were more doctors in the National Health Service than ever before.

He told Mr. Laurie Pavitt (Lab. Brent S.) that a large number did return, "having gained additional experience abroad." Doctors were very mobile and it was good that they should travel and return to Britain.

Dr. Gerard Vaughan, an Opposition health spokesman said that for a long time, Mr. Ennals had denied there was a serious emigration problem. Now what action was he going to take?

Mr. Ennals replied that the new contracts for junior doctors had improved their situation quite substantially.

Miss Janet Fookes (C., Plymouth Drake) thought "there should not simply be concern but alarm." There was strong dissatisfaction among doctors.

But Mr. Ennals thought this was not so much with the NHS as with the organisation of their own profession. The interests of doctors were being considered very carefully in the working out of the pay policy.

Spending cuts warning by Left

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN was given an angry warning by Labour Left-wingers in the Commons yesterday that any further cuts in next year's public spending plans would be strongly opposed.

The Prime Minister, reporting on the Puerto Rico summit meeting, was closely questioned about the Government's intentions.

Mr. Eric Heffer, former Minister for Industry, demanded an unequivocal denial of reports that the public expenditure programme was to be trimmed by £1bn.

If the reports referred to this year's spending, they were totally untrue, Mr. Callaghan replied. But he added: "I am giving no guarantees about next year's level of public expenditure. I have said that time after time."

Mr. Stan Newens (Lab., Harlow) said that there was an impression that the Prime Minister intended to make future cuts in spending because of foreign pressures.

Mr. Norman Atkinson (Lab., Tottenham) forcefully reminded Mr. Callaghan that "there is a substantial and determined body of public opinion which believes that public expenditure is far too low and should be increased considerably if we are going to do something about the level of unemployment."

Fabric

"I can give no assurances beyond April, 1977," Mr. Callaghan retorted. The Government's proposals would be made in good time to allow the Commons and the Labour Party to discuss them.

There were many areas in which more public expenditure would be beneficial, he agreed. "But we have an overriding requirement to ensure that industry is able to finance itself in a proper way to provide the dividend that will enable the social expenditure to be met."

Mr. Frank Allaun (Lab., Salford E.) warned that "savage cuts" next year would damage the country's social fabric and create more unemployment.

But Mr. Callaghan retorted sharply that the salaries of those in the public service were paid out of the product of manufacturing industry. "They are not created out of nothing. This is the first priority we have to carry out next year," he added.

The Prime Minister told MPs: "That is the problem which this country has to face. We cannot evade it by just increasing public expenditure without regard to the needs of manufacturing industry."

Mrs. Margaret Thatcher, Tory leader, suggested that if the Government was going to "restore a better balance in public finance," the Commons should be informed about the changes by the end of July.

Success

Mr. Callaghan, who denied that he had come under any pressures in Puerto Rico to cut public spending, said that there was "general anxiety" about next year's level—"and it is to that that we are directing our attention."

If there were to be any changes, the Government would inform industry, the Commons and the country as quickly as possible.

"It would be helpful if this could be discussed by the end of July," he said. But he did not want to rush it through in the past few days, especially "if people fear they are being tricked."

In his statement on the economic summit, Mr. Callaghan said that there had been appreciation of Britain's success in overcoming inflation through its new "social partnership."

"The best hope for a satisfactory outcome in the years ahead for reducing inflation and unemployment, lies in a policy of maximum co-operation between Government, trade unions and employers, coupled with fiscal and monetary policies that will encourage the investment and increased production that are essential to ensure that we sustain the present recovery," he said.

One or two countries had proposed fiscal restraints to slow down the rate of growth which might have an impact on Britain's export drive, he said.

But, on the whole, it had been a confident meeting sharing common objectives.

Britain 'lags over holidays for needy'

SOME 5m. Britons, who have not travelled away from home for at least five years, could and should be helped to take holidays for the sake of their health, according to a report issued to-day by a study group on behalf of the English Tourist Board and the TUC.

"Britain lags behind a number of other countries in providing holiday opportunities for the disadvantaged. It is about time we took this problem seriously." Mr. Derek Gladwin, the study group chairman said.

Angola sentences are reprisal, says Maudling

THE PRIME MINISTER should be demanding justice instead of seeking clemency for the British mercenaries sentenced to death in Angola, Mr. Reginald Maudling, shadow Foreign Secretary, said in the Commons yesterday.

"It is not, and never has been, a crime in national or international law to be a mercenary. Many British citizens have taken part in civil wars, like the Spanish Civil War.

"What we are faced with is not justice, but political reprisal masquerading as justice," he declared.

Mr. Maudling's comments followed a statement by Mr. Ted Rowlands, Minister of State, Foreign Office, who told MPs: "Our immediate concern is for the three men facing sentence of death. This does not, of course, preclude subsequent representations on behalf of those sentenced to imprisonment."

He confirmed that the Prime Minister (Mr. Callaghan) had sent a personal message to the Angolan President, Dr. Neto, seeking clemency for the men sentenced to death.

Mr. Maudling demanded: "Are you satisfied it was a fair trial?" He said the prison sentences appeared to have been imposed not for specific crimes but solely because the men were mercenaries.

Mr. Rowlands said it would be "counter-productive" to comment further about the representations, though he accepted there was no concept in international law that mercenaries were criminals.

The Prime Minister had already said that it was not a crime in British law. "We are not sure of the position in Angolan law."

Mr. Bruce Grocott (Lab., Litchfield and Tamworth) said MPs on the Labour side who had been opposed to capital punishment were remaining consistent. "We fervently hope these men will receive the clemency that is their due."

Some MPs seemed to be in the strange position of thinking killing in Britain should be punishable by execution, while killers in Angola should receive clemency, he claimed.

Mr. Julian Amery (C. Brighton Pavilion) suggested strong representations in Havana and Moscow. "We should gently remind those two governments that their citizens might now be on similar charges if the war had gone the other way."

Mr. Rowlands said many ways of making representations had been considered, but a direct message from Mr. Callaghan to the Angolan President had been thought best.

Referendum count chief puts Europe poll plan

BY A. H. HERMANN

THE GROUPING of five to six existing Parliamentary constituencies for the holding of European elections in June, 1978 might be a better solution than the creation of new large constituencies for this purpose, according to Sir Phillip Allen, former Permanent Under Secretary at the Home Office, who gave evidence before the House of Commons Select Committee on European elections yesterday.

Sir Phillip, who was asked about his experiences as the chief counting officer in the EEC referendum, pointed out that it would be easier to group together existing electoral registers than to start completely new ones.

On the other hand, there would probably be need for much greater uniformity in electoral procedures.

As in the referendum, counting officers who had no previous experience might find it easier to adapt to uniform procedures than officers accustomed to the U.K. procedures which differed from one constituency to another.

If proportional representation was to be adopted, with more than one deputy for each constituency, accuracy of counting would matter more than speed—a substantial difference from U.K. elections, said Sir Phillip.

Guidelines for recounts should be uniformly determined from one central point, as well as guidelines for what should be taken for a "spoilt" ballot paper.

Sir Phillip did not think it would be feasible to count or re-count on a Sunday in Scotland. According to Referendum experience, some Scottish localities might be reluctant even to send ballot boxes if these were to be counted somewhere else on a Sunday.

Public prefers peers of blue blood—MP

TORY BARONET Sir Brandon Rhys Williams (Kensington) proposed in the Commons yesterday that when the sons of hereditary peers succeeded to their titles, they should not be allowed to vote in the Lords.

But he failed to get permission to bring in a Bill to make this change.

The proposal was described as revolutionary by another Conservative, Mr. John Stokes (Halesowen), who, to much Labour barracking, called for a return to the creation of hereditary peers.

Mr. Stokes was jeered by Left wingers as he said: "We all know the Englishman loves a Lord, a Lord who is trained to be a Lord, looks like a Lord, and furthermore, behaves like a Lord."

The Bill was an attack on the hereditary principle. There was no public demand whatever for what would, in effect, be a slow constitutional killing off of the powers to vote of the hereditary peerage.

Hereditary peers were far more popular than the grey men who were life peers.

Labour MPs collapsed in laughter as Mr. Stokes added: "The public at large much prefer peers of blue blood rather than the feeble pink of the new so-called peerage."

One rarely met an unpleasant hereditary peer. They invariably treated everyone, whether high or low, with complete courtesy.

Labour MPs laughed and jeered as Mr. Stokes added that the Bill would lead to an attack on the hereditary monarchy and isolate the Sovereign.

Introducing the Bill, Sir Brandon said it would broaden the character of the membership of the House of Lords. It would not affect the voting rights of existing hereditary peers.

But when Sir Brandon asked for his measure to be given a formal first reading, there were no tellers for the "Ayes" and the Bill was therefore rejected.

Barnett to examine tax relief qualifying rule

OPPOSITION amendments to the Finance Bill aimed at further concessions over heritage property were withdrawn last night when Mr. Joel Barnett, Chief Secretary Treasury, announced his intention to re-examine the 10-year rule—qualification for relief from Capital Transfer Tax.

In the Commons Standing Committee on the Bill Mr. Barnett said the 10-year rule had been introduced to reduce abuse of the relief.

"We have to ensure the safeguarding of heritage property and all those who wish to use the relief in the Bill. I recognise it may not be necessary to have as long a period as 10 years.

"I think a three-year period, as has been suggested, may well be too short, but I hope to introduce an amendment at the report stage which would reduce the 10-year qualifying period.

"I was thinking in terms of seven years, but I will think about it further in the light of the discussion in committee."

On the same subject, Mr. Barnett had earlier rejected a Tory attempt to get taxation relief for closed companies.

Mr. Barnett said the Government had been very generous in the amount of relief given to heritage property. It was necessary to prevent major avoidance of Capital Transfer Tax. He was unable to accept the inclusion of closed companies.

Mersey docks peace plan

THE WEEK OLD unofficial strike by 520 dockers employed by the Mersey Dock and Harbour Company, which has halted all general cargo handling at Birkenhead and left five ships part-loaded, could be over this morning.

Several hours of negotiation yesterday between the Employers' Association and the Transport and General Workers' Union resulted in a peace formula which will be recommended by the shop stewards to a mass meeting of the men this morning.

The dispute is over a claim by the dockers that more men should be engaged when floating cranes are used to lift heavy cargo.

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The Management Page

EDITED BY JOHN ELLIOTT

WORKER PARTICIPATION

Swiss resist fashionable trend

At a time when several European countries are moving towards adopting new methods of worker participation, the Swiss people have rejected alternatives put to them in a referendum. John Wicks reports from Zurich on a nation's apparent reluctance to follow others in this area

IN MARCH of this year, the Swiss electorate was the first body of voters in the world to decide by national referendum on the question of industrial democracy—and their verdict was to turn down the ideas they were offered. Two proposals were presented for a constitutional amendment which would act as a base for future Government moves on codetermination. A hard-line approach was put forward by the trade union movement, with backing from the Social Democrats, Independents, a few minor parties and certain progressive Church circles. A much weaker counter-proposal had the support of the Government, Parliament, and others including the Liberal and People's Parties and employers', farmers' and trade associations. In fact, neither proposal was accepted. This firm rejection of an expanded form of codetermination — recorded in industrial as well as rural areas —was the result of one proposal going too far and the other not far enough. The trade union amendment, originally launched in 1971, sought provisions in the Constitution authorising the Federal Government "to lay down regulations concerning codetermination of employees and their organisations in works, undertakings and the Administration".

Three phrases not popular

There were three phrases which were generally unpopular —first, the provision that codetermination rights should be given not only to employees but also to unions and thus to "outsiders"; second, codetermination at undertaking, that is Board level; third, co-determination in administration. The Swiss had qualms about the power which could thus be given to trade unions and by no means all employees liked the idea of Board-room representation.

The counter-proposal, a watering-down of an earlier Federal Council text, was so vague as to be almost meaningless. It would have authorised the Government to "lay down regulations on adequate codetermination for employees in the operational sector such as would not prejudice an undertaking's decision-making ability and profitability; these rights to be granted solely to employees of the undertaking". It failed for two reasons. Those genuinely seeking an effective form of industrial democracy worth the name found it so spineless as to be unacceptable—and, on the other side, it seems that large sections of the population—in Switzerland at any rate—just do not want codetermination in any form.

The Federal Constitution already includes one passage which could authorise the Government to "lay down regulations . . . concerning employer-employee relations, particularly on a joint settlement of operational and professional matters".

But this has not been used to build up any extensive system of codetermination. Works councils exist in considerable numbers—although their creation is not compulsory—but their activities are limited to shop-floor, social-service and similar non-administrative consultations. There are virtually no firms with worker representation at Board level.

The first new idea on industrial democracy had been launched even before the March referendum took place. The Social Democratic National Councillor Félicien Morel lodged a private member's Bill to alter the Constitution in exactly the way the Federal Council had wanted until its original counter-proposal was out-voted by Parliament. This would expand the existing constitutional clause to enable Government regulations "on adequate codetermination for employees such as would not prejudice an undertaking's ability to function, and its profitability."

Earlier this month, another Social Democratic Parliamentarian, Ezio Canonica, President of the Swiss Trade Union Federation, presented a motion calling on the Federal Council to prepare a constitutional clause on employee codetermination and to lay before Parliament draft legislation for co-determination at factory and corporate levels.

Two more approaches have come from the Christian Democratic Party, the only major political group to advise voters to say no to both amendments. Under some pressure from the Christian trade unions, they feel that codetermination is desirable, but not in the form suggested by the March proposal and counter-proposal.

A private member's Bill calls for authorisation for the Government to lay down regulations for adequate employee codetermination in undertakings without prejudice to profitability and the unity and decision-making ability of management; the codetermination rights would be limited to employees of the undertaking in question. At the same time, the leader of the Parliamentary faction has presented a draft law governing "co-operation at operational level" and making compulsory the creation of works councils in all operational units with more than 20 employees and "staff representation" in smaller units.

The Christian Democrat approach, which the party sees as a "really Swiss solution," is a new one. It still subjects industrial democracy to the parameters of adequacy, profitability and the full freedom to function of management, as well as banning the interference of outsider unionists, but does foresee a certain amount of corporate participation via the obligatory works councils. The draft law lays down that the employer would have to supply the council regularly with information on business development, new capacities, new processes and the like and give it the opportunity to discuss the matter. The councils would also have consultative rights in certain matters affecting employees' working conditions, with actual codetermination rights on a number of matters from pay systems, individual workplace organisations and social amenities to holiday rosters, on-site health measures and works magazines.

Liberals urge democracy

Yet another idea comes from the Liberal Party—whose working party has urged employers and employees to build certain elements of industrial democracy into employment contracts.

Where all this will lead is uncertain. A new referendum would hardly be possible much before 1979 and the Christian Democrats' draft law, if successful, could not come into force until late 1978 or early 1979. There is also some ill-feeling that so many fresh ideas have been launched so soon after the defeat: the employers' representatives are among those complaining at the new rash of Bills and motions.

Nevertheless, the scene does seem set for progress on the industrial democracy front. Fritz Halm, President of the Central Association of Swiss Employer Organisations, sees the way in decentralisation of shop-floor decision-making, individual co-determination within an employee's "own working sector and experience" and what he calls honest information on the part of the undertakings.

One large company, the Brown Boveri engineering concern, has produced a large-scale plan of its own to promote on-the-job codetermination and an increase in personnel representation.

As Brown Boveri president Franz Lujterbacher said in his house magazine the idea that the question of co-determination stopped being topical after the March referendum would be "short-sighted and wrong".

DESIGN IN INDUSTRY

Initiative launched for a university professor

BY JOHN ELLIOTT

BRITAIN'S FIRST professorship of design management is likely to be set up shortly as a result of a Design Council initiative. The idea is that an academic post should be created to develop research and teaching on the management of design. This would break new ground in the U.K. and may prove to be the first such academic exercise of its kind in the world although similar proposals have been put forward in North America.

The professor would be based at the Royal College of Art and might be associated with three universities chosen for their involvement in both business studies and in engineering product development. The universities of Lancaster, Warwick and Surrey are the sort that might take part.

The project is likely to be financed by a prominent industrialist who would act as sponsor and whose name could be associated with the university chair. The professor would then operate from the Royal College of Art and might visit and play an active part in the life of the three universities—maybe staying for one term a year with each.

Industry's lack of concern

The project is being pushed by Sir Paul Reilly, as one of his last projects before retiring, next May, from his £12,500 a year post as director of the Design Council—the Council has just started to look for his successor. He is concerned that not enough attention is paid to design in U.K. industry.

While this view inevitably reflects a degree of special pleading on behalf of designers who constantly claim they are undervalued by their clients and employers, it also reflects growing concern about the way that design is mismanaged in industry. Stories abound concerning the failure of a company to understand the basic function of a designer or to relate effectively with him. Often he is regarded as being useful only to provide a final aesthetic, but not necessarily functional, gloss to a product.

Now Sir Paul and his colleagues are trying to promote the management of design as a subject in its own right, embracing the organisation of entrepreneurial, artistic, engineering and other corporate skills and resources. So far, this is not generally accepted as a specific branch of management because industry is divided into compartments which can be straddled by a common design problem.

In addition, the Council's assumption that there is a common link between, for example, the intricacies of mechanical or electrical design in heavy equipment and the design or layout of a product, is not always accepted.

The Design Council, however, believes that those companies which have developed policies for managing their design work have been able to show tangible benefits in terms of profitability and growth as well as an improved image with their employees and the public.

However, the subject of industrial design is normally treated as a series of success stories of those companies and consultants that have achieved good design on individual items. But only rarely is the subject examined on a broader, perhaps company-wide, basis. In addition, failures are seldom revealed and are thus never fully assessed.

Sir Paul and his associates believe that one of the benefits of creating a university chair on the management of design would be to help to increase general knowledge on the subject, including gathering together case material, drawing consequential conclusions, and establishing principles. By spending time at more than one university, the professor would not only be spreading the financial load of his activities but would also be covering as wide a field as feasible.

It is only in the past few years that business schools have taken an interest in design management and there is still a wide gulf between the worlds of art colleges and industry. The subject does not naturally fit into business school activities because of its wide scope. The Manchester and London business schools now study the subject and their graduates have won the annual Burton Award which this year was awarded to a 26-year-old who has worked in engineering management studying the way that policies in the public sector affect the quality of design and its management in both the private and public sectors.

Low standards of education

In April a Design Council report on engineering design education found that standards are low and recommended the creation of post-graduate and post-experience courses in engineering design and other specialised design subjects. It also felt there was a need for more and higher calibre school-leavers to receive further education in engineering as an "essential foundation for engineering design" and that at first-degree level engineering should be taught more in the context of design.

But it is the total organisation of a company's design resources of all types that would concern the professor. "The missing technician of to-day is surely the trained manager of design — but there have been no places in existence where such a person could learn even the first principles of his trade and certainly no place where the principles are being tried and tested," says Sir Paul.

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Subsidiary company tax

I am connected with a company, taxed as an investment company, which has a subsidiary, also taxed on this basis. We are considering extending the operations of the subsidiary so that it would be taxed on a dealing basis. Is there any danger whatever that this would upset the tax status of the parent company?

Whether a company is dealing is a question of fact, to be determined by an examination of the particular circumstances and not by the application of a statutory rule of thumb. The activities of a subsidiary do not in themselves colour the activities of a parent company, but it is not possible to deny that there is "any danger whatever."

The companies' accountants will be best placed to advise the directors, from their background knowledge of the two companies' past acquisitions and disposals.

Premium Bonds

1. Can a loss on the disposal of a single premium bond be offset against a profit on another single premium bond?

2. A profit making bond was bought on August 2, 1973 and disposed of on July 1, 1975. Can top-slicing by two be claimed even though the period is just short of two years?

3. Am I right in assuming that the 5 per cent. annual tax free allowance is only available for bonds bought after March 13, 1975?

1. No, section 399 of the Taxes Act makes no provision for relief for losses. Capital gains tax loss relief is prohibited also by sections 23(2) and 28(2) of the Finance Act 1965. You pay on the roundabouts but get no rebate on the swings.

2. No, the denominator of the top-slicing fraction under section 400(3) ignores parts of years, so there is no top-slicing until the second anniversary.

3. No, but the provisions only apply from the first anniversary after March 12, 1975. This is the effect of paragraphs 8 and 9(9) of Schedule 2 to the Finance Act 1975.

Possession of a caravan

In Business Problems of April 21 under the heading Possession of a caravan you advised that possession of a caravan could be obtained where notice was given prior to the Mobile Homes Act of 1975. In that particular case no rent had been paid. Could you let me know if acceptance of rent after notice was given under similar circumstances would make any difference?

Acceptance of rent after the notice was given would not affect the position so long as the period for which rent was accepted did not exceed the period up to the date of termination of the tenancy specified in the notice. If rent was accepted for a period after the specified termination date, it may be argued that a fresh tenancy was created. That would depend on the intention of the parties in tendering and accepting rent for the post-termination period.

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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Difference of emphasis

IT WAS not expected that much would be achieved at the Puerto Rico summit meeting of Heads of State and Finance Ministers. So far as one can tell, not much was achieved. Views were exchanged about the best means of ensuring "deliberate, orderly and sustained expansion" and there was some desultory discussion about the possibility of making more funds available for lending through the International Monetary Fund—on such strict terms, however, that few countries would wish to borrow them. Mr. Callaghan said that if the latest pay restraint agreement were to be successful, the U.K. rate of inflation would be down to single figures next year (it was originally to have been by the end of this year) and admitted that it was difficult for one country to pursue policies which were radically out of line with those of its main industrial competitors.

There was some speculation that Mr. Callaghan, who met President Ford privately before the formal opening of the conference, had told him that the U.K. would cut public expenditure in the near future. This has been officially denied and was denied again by Mr. Callaghan in the House yesterday. But he made it clear, as he has already done several times, that he could give no undertakings about the level of public expenditure next year.

Spending cuts

The situation appears to be that the probable need for some cuts next year is now accepted but that no firm decisions are likely to be taken for another month or so. Mr. Healey made the point in Puerto Rico that, with the economy expanding, public expenditure in real terms would be unchanged as a proportion of GNP even without further cuts: and, from the point of view of reducing the public sector deficit, an expanding economy will mean an automatic increase in tax revenue. But cuts will still be needed to make room for the more urgent claims of other forms of demand and to remove the dilemma that heavy Government borrowing at a time of rising demand must either push up interest rates to an intolerably high level or actively encourage inflation. The Puerto Rico communiqué referred to the need for "a better balance in public finance," and there is little doubt that this is the aspect of the British economy which is causing most concern at present among observers abroad.

There is another, related point, however, on which Mr. Healey differs from his counterparts in other industrialised countries. Most Finance Ministers, acutely aware of the risk that the present business upturn could be brought to a premature end by a fresh outbreak of rapid inflation, are urging that the pace of the upturn should be deliberately controlled. The Chancellor, on the other hand, is constantly suggesting that it should be allowed to proceed more rapidly than at present seems likely.

Expansion rate

The reason for this attitude is plain enough—dislike of high unemployment. Although Mr. Healey speaks of the social evil of high unemployment in other countries, moreover, it is clear that he is most concerned about the level of unemployment at home and is anxious for a continuing high pressure of export demand to help him bring it down. The Government's strategy, in fact, is to alter the balance of the economy by expanding rather later and more slowly than other industrialised countries. If they decide to expand slowly, it will be more difficult to resist pressure from the TUC to take active measures to bring unemployment down.

One sees and can sympathise with his difficulty. On the other hand, it is not to be expected that other industrialised countries will tailor their economic policies to meet the special needs of the U.K. It must be remembered, too, that these countries have also experienced unprecedentedly high levels of unemployment—in some cases proportionately higher than in the U.K.—and have thought this a lesser social evil than the continuation of rapid inflation. Our success in bringing down the rate of inflation is not such that we can afford to give the impression that we think this is a matter of secondary importance.

Mr. Brezhnev faces the facts

IT IS hardly surprising that Mr. Leonid Brezhnev, the Soviet party leader, should have taken as the central theme for his address to the European Communist summit meeting in Berlin a series of vigorous criticisms of the West. As a choice of subject it had the advantage of shifting attention away from the dissensions within the European Communist movement to the shortcomings of the United States and its Western allies: as such, it was a theme designed so far as possible to appeal to the sense of unity within the Communist camp.

Yet it is hard to believe that the Brezhnev speech can do more than paper over the cracks which have become increasingly obvious in recent years. It may well be asked, indeed, whether this meeting in Berlin, originally conceived in Moscow as a device to ratify Soviet dominance of the Communist parties in East and West Europe, may not turn out to be a watershed in the establishment of the independence of national Communist parties.

Surrender

As the price for securing the attendance of virtually all the European Communist leaders, including President Tito of Yugoslavia, the Soviet Union has been forced, in two years of bitter negotiation, to give up its ideological claim to be the centre of the Communist movement. Such a surrender will not, of course, diminish to any significant degree its enormous influence as a super-power or its overwhelming economic and political weight in Eastern Europe. In practical terms, the Soviet Union will continue to dominate Comecon and the Warsaw Pact, and it will continue to be the East bloc's main spokesman in the dialogue with the U.S. But the rejection of Moscow's claim to have a special ideological position of leadership, and the admission that national parties must adapt to national conditions, may well have an important psychological effect on Communist parties of the East as well as of the West.

The Italian Communist leadership has long taken an independent line on ideological issues, and its independence can only have been vindicated by its striking advance in the recent general elections. The French Communist leadership has been forced, by its failure to match the advance of its Socialist allies, to retreat rather swiftly from its traditional subservience to Moscow. The revisionism of the Spanish Communist leadership has been reinforced by the failure of the Stalinist party in Portugal to achieve, in what might have seemed ideal conditions, a popular following to challenge the Socialist and Centre parties.

Within all these Western parties there must be a significant proportion of traditional Communists who would dispute the ideological correctness of the revisionists' strategy. The Soviet climb-down in Berlin may not make them change their minds, but it may make it more difficult for them to argue their case. Mutatis mutandis, the same may also go for those Eastern European countries, like Romania and Yugoslavia, which have long asserted their right to independence.

Mr. Brezhnev's criticisms of the West—his complaints about an arms build-up in Nato, his charge that the U.S. is dragging its feet in arms control negotiations—merely echo similar accusations which have been made in the West about the Soviet Union. But his continued advocacy of détente, though long a consistent element in his foreign policy, is unlikely to bring about any immediate progress in East-West relations. The United States has a lame-duck President and, what is almost more important, lame-duck Secretary of State, and it is unlikely that there will be any major new move in the context of détente before a new President is sworn in at the beginning of next year.

British Leyland's new Rover model and its new plant give the company an opportunity to rebuild its image in Europe. But there is still a long way to go before a fully rationalised range of Leyland cars emerges. **Terry Dodsworth** and **Geoffrey Owen** outline the issues facing the company and ultimately the Government. These include whether the famous Mini will be replaced by a new car.

In action: The assembly line of the new Solihull factory.

An opportunity, but a gamble

THE launch of the new Rover 3500 sets a large cornerstone of British Leyland's new model and plant strategy firmly into place. It would be difficult to exaggerate the significance of the car to the company's development over the next few years. Most importantly, it reaffirms Leyland's interest in the market for expensive executive saloons after a long period when the leading position established by the original Rover and Triumph 2000s was allowed to slip. But at the same time it establishes a large new plant which is destined to become one of the group's three main production sites: and it gives the company a car on which it can hope to rebuild its image in Europe.

The new Solihull factory also provides one of the main anchorage points around which the group's rationalisation can be shaken down. Already it is clear that the new Rover bodyshell will replace both the old Rover and the large Triumphs. As a consequence the Triumph plant at Canley will be changed over to component production, and the present Rover factory, also at Solihull, will concentrate on Land-Rovers and Range-Rovers. In manufacturing terms these changes will help trim the company down to three main assembly sites—Solihull, Longbridge and Cowley — each capable of large scale production.

The part Rover has to play is to establish a quality image for Leyland cars capable of competing with the best in Europe. Neither the old Rover nor the big Triumph were ever seriously sold overseas. But Rover will have to take the fight back to Continental producers on their own ground if BL is ever to get into Europe in the volumes demanded by Lord Ryder: and if it does not, the Solihull plant will turn out to be a white elephant: it has been built to produce about 150,000 cars a year, about double the capacity for the current Rover and large Triumph.

Behind this production plan is something of a gamble on Leyland's part. The question is whether there really is a market in the U.K., Europe and the U.S. capable of absorbing the bulk of these 150,000 cars—although they will include the Dolomite range, soon to be transferred to Solihull, in the early years.

In the last decade or so the luxury car market has expanded swiftly to provide the base for the most profitable car manufacturers in Europe—Mercedes, BMW, Volvo and Jaguar. At the same time Lancia has been rescued by Fiat and given a new range of vehicles: Peugeot and Renault entered the market for the first time last year with the 604 and the R30, both using the jointly-produced V8 engine which also goes into the new Volvo: Audi has planned a new model to take over from the 100, and both Mercedes and BMW have increased output. Meanwhile, Saab continues to nibble along the edges of the market and volume producers like Ford and Opel have produced competitively priced up-market models. The manufacturing capacity for cars aimed at the market in which the Rover will have to compete has, according to some estimates, just about doubled over the last two years.

BRITISH LEYLAND CAR PRODUCTION

Highs and Lows of the 1970s

	1975	1972
Austin-Morris	449,904	697,661
Triumph	94,900	138,208
Rover*	38,636	55,851
Jaguar	21,684	24,498
TOTAL	605,124	916,218

* Including Land-Rover station wagons
Source: SMMT

Given this competitive situation Leyland must show overseas customers that it can deliver this particular car on time and at the right quality. The new Solihull plant, built at a cost of £95m., has been lavishly equipped with the most modern plant and tooling: there can be no excuse about under-investment on the car. And in terms of design and price—the slide of the pound has given the car a distinct competitive edge—the Rover looks well placed to make an impact.

In the longer term, the way in which the Solihull plant has been planned indicates the direction of rationalisation at this end of the Leyland product range. The Rover itself is a swan song to the spirit of autonomy that reigned on in BL long after the 1968 merger: like the Princess, it was originally conceived and planned by a divisional team, with the result that the group now has two cars similar in size and specification, which share no common components. The replacement for both, though at least five years away, will have to have a great deal of commonality, indicating the kind of rationalisation that Leyland must carry through if it is to achieve economies of scale.

A more immediate task is to rationalise the bottom end of the range. Above the Mini, Leyland still has a plethora of models—the Allegro, the Maxi, the Marina, the Triumph Dolomite range: none of these cars achieve individually the market penetration (and hence scale of production) which Ford has obtained with the Escort and the Cortina, both of which have over 10 per cent. of the British market.

Leyland has the capacity to assemble in the U.K. slightly more than 1m. cars a year. Given the normal relationship between home and export sales it should aim to sell well over 500,000 of these in the U.K. market. With total U.K. sales at their present level of 1.2m. units, this is unrealistic since it implies a market share of over 40 per cent.

Leyland did actually achieve such a penetration in 1968, when the 1100/1300 range outsold the Cortina and had a 14 per cent. market share: at that time the import share was under 10 per cent. But a more feasible target in the short term is probably in the region of 32-35 per cent.

Since Jaguar and the sports cars are unlikely to secure more than 2-3 per cent. of the market between them, the balance has to come from the non-Jaguar saloons. Leyland's current range is unsatisfactory — first, because several of the models are ageing and no longer fully competitive; second, because none of them is produced in big enough volume.

The top management in Leyland Cars appears to be swinging round to the view that the company has neither the engineering resources nor the likely sales volume to justify more than three basic models, outside Jaguar and the sports cars. Each of these models should eventually be produced at the rate of at least 250,000 units a year and each would have one assembly plant—Longbridge for the small car, Cowley for the medium car and Solihull for the large car.

The large car would be the Rover/Princess replacement, but for the two models at the bottom end there would be a choice between alternative strategies. One would be to replace the Mini with a car of about the same dimensions and to design a new medium-sized car to replace the Allegro, Marina and Maxi; the latter would also be available in "sporty" form to replace the Triumph Dolomite range. The other course would be to abandon the Mini market and to produce two cars for the medium-sized market, one at the bottom and the other at the top, on the Escort/Cortina pattern: Triumph versions would be produced for one or both of these cars.

The Ryder Report was emphatic about the need for a Mini replacement and it is easy to find arguments to support it. The Mini is a unique British car: it has been and to some extent still is an outstanding export success (about 55-60 per cent. of all Leyland cars sold on the Continent are Minis); it is the obvious first choice for first-time buyers who will later trade up to more expensive Leyland cars; and the continued importance of the Mini-sized sector is confirmed by the eagerness of other companies, such as Ford, to get into it.

Despite some Government doubts now being expressed about the Mini—it is notoriously difficult for manufacturers to make profits on cars of this size—the company itself seems committed to going ahead with a replacement. It is not likely to be an exact replica in size; it will probably be about 11 feet long rather than the present 10 feet—which makes it closer to the size of the Renault 5 and Fiat 127—but still a foot shorter than conventional medium-sized saloons like the Escort.

In order to cover as much of the market as possible with the three basic bodyshells, Leyland will have to go for a highly flexible policy of "family" derivatives. The technique here is to take the central portion of the car, built around the expensive "floorpan" pressing of the base of the car, and tag on to this different front and back ends to give a fresh appearance. This is what Volkswagen has done with its new range of cars. The Golf and the Sirocco share the same floorpan, and the Audi 80 and the VW Passat share both the same floorpan and front end.

There is plenty of room for debate on how the Leyland rationalisation should be carried out: no doubt the National Enterprise Board, the Department of Industry and the Treasury are adding their "expert" knowledge of these matters to that of the Corporation itself. But from the Government's point of view the fundamental issue is not the details of the new model range but the principle of a comprehensive model replacement programme which will enable British Leyland, and Austin-Morris in particular, to stay in business as a volume car manufacturer. If that principle is accepted, then a very large amount of money will be required, as Lord Ryder made clear in his report.

There are indications that the Government, despite its acceptance of the Ryder Report last year, is now having cold feet. How this reappraisal will turn out remains to be seen, but three points are worth emphasising. First, the longer the decision on the principle of committing funds to the Leyland model programme is delayed, the more difficult it will be for the Corporation to restore its competitive position. Second, any decision to make drastic cutbacks on the Austin-Morris side (on the ground that its profit prospects are less certain than, say, Land-Rover or trucks) would effectively represent a decision to opt out of the volume car business.

There is no practical method by which a company which has been catering to the mass market over many years, with an image, a dealer network and a customer base attuned to that reputation, can be shrunk and transformed into a specialist manufacturer on the lines of, say, BMW or Mercedes.

Thirdly, a new car has a development period of 3-4 years: once the decision has been taken to go ahead with it, the company has to stick to the commitment. It is difficult to think of any business less suited to the kind of short-term public expenditure changes which are familiar in the U.K. The Government has to make up its mind (for the second time) whether it is prepared to find the amount of money necessary to re-establish British Leyland as a volume car manufacturer. That is the political decision: the implementation of it is the responsibility of the British Leyland management.

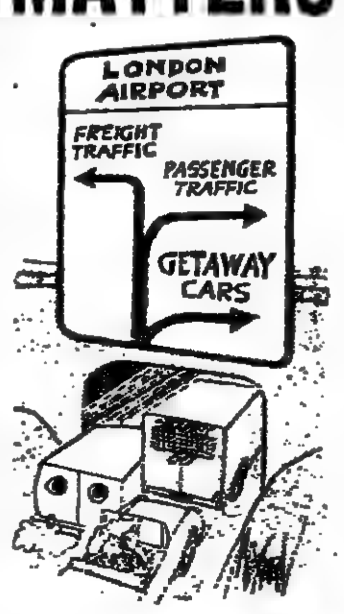
THE CURRENT BRITISH LEYLAND CAR RANGE

MODEL	LAUNCH	MARKET SHARE IN % (Jan.-May 1976)	ASSEMBLY PLANT
Mini	1959	6.7	Longbridge
Allegro	1973	4.4	Longbridge
Marina	1971	5.9	Cowley
Maxi	1969	2.7	Cowley
Princess	1975	2.5	Cowley
Triumph Dolomite	1971	2.2	Canley, Coventry
Triumph Stag	1970	0.2	Canley, Coventry
Triumph 2000/2500	1963	0.8	Canley, Coventry
Rover 2,000, 3500	1963, 1968	0.5	Solihull, Birmingham
Jaguar/Daimler saloon	1968	0.9	Browns Lane, Coventry
Jaguar XJS	1975		
Triumph Spitfire	1962	1.1	Canley, Coventry
Triumph TR7	1975		Speke, Liverpool
MGB/Midget	1961		Abingdon

MEN AND MATTERS

That frozen food report

While we swelter in the heat the frozen food processors are sweating over the publication of the Monopolies Commission report into their industry which was first proposed by Sir Geoffrey Howe almost three years ago exactly, and later initiated by Mrs. Shirley Williams. The situation is that the Commission finished its work some time ago, but the Director General of Fair Trading has not yet decided what action, if any, to recommend. Therefore, although the Minister knows the views of the Commission the report is still not ready to go to the printers, and it will be several weeks at least before publication can be expected.



When the reference was first made, the frozen food processors were incensed. That is a normal reaction from anyone referred to the MC, but in their case they put forward the seemingly valid point that competition was not restricted to Birds Eye (the clear market leader), Findus, and Ross. Frozen foods have also to compete with fresh, canned, dried, and every other sort of food.

I believe that the Commission has to a substantial extent agreed with this contention. Further there are rumours circulating that it was unhappy about the entire reference. Certainly it found the question of definition appallingly difficult. (For example, virtually all the "fresh" meat sold in this country has been refrigerated at some time or other, so where do you draw the line?)

It is quite likely therefore that the processors of what are generally referred to as "prepared frozen foods" may come off rather more lightly than many people might have suspected, and some even hoped. Certainly the industry has spared no expense and trouble in giving the Commission all the facts and figures it could possibly want and Birds Eye in particular is no slouch when it comes to statistical information. (It can get no higher compliment than the fact that its industry figures are frequently quoted by its competitors.)

But although there may be no major condemnation it is quite likely that there will be criticism on point of detail. The industry itself is prepared to be hauled over the coals for the way the companies use discounts to retailers in order to try and get the maximum possible share of the restricted space which retailers devote to refrigerated display cabinets.

Should that be the case Birds Eye is the one most likely to be singled out simply because of its dominant market position—with more than 60 per cent. of retail sales. That in fact would be ironic, since Findus, as No. 2 in the market, tends to operate rather more aggressively in this respect.

But these are points for bickering about within the industry rather than matters of dramatic public importance. It is my guess too that the report, when published, will also prove less than dramatic.

Whether forecast

The latest monthly investment letter from the Cambridge chartists firm, Investment Research, has helped to concentrate my mind wonderfully. On gold they advise me that the market might go up or down ("the market will tell you in its own good time which of these two possibilities should be backed.") On Consols IR is "unwilling to call a bear market," while on equities, "the picture is not as clear nor as happy as we would like."

Sir Monty finds his new home

Has Sir Charles Clore at last found the man to succeed him as chairman at Sears Holdings? That question immediately sprang to mind yesterday when I heard that Sir Monty Finniston is to join the Sears Board when he leaves the British Steel Corporation in September.

It is almost exactly two years ago that Sears made a £44.5m. bid for Nottingham Manufacturing, the knitwear and carpet making group, and at that time it was generally understood that Sir Charles was as much interested in the successful management team at Nottingham—headed by the Djanogly family—as in the company itself.

The suggestion then was that Harry Djanogly would be groomed to follow Sir Charles. That deal foundered once the Government threatened to refer it to the Monopolies Commission.

Harry Djanogly would have lowered the average age of the Sears Board quite dramatically as he is still in his early 40s. However, Sir Monty, who will be 64 in August, reckons to have "another useful ten years ahead of me."

He quickly sidestepped when questioned about the possibility that he might be next chairman of Sears, a sprawling conglomerate whose £715m. of sales and £49m. of taxable profit comes from department stores, betting shops, engineering, motor vehicle sales, linen hire, property development and whose 2,000-strong shoe shop chain has this week been under fire from a management consultants' Government-sponsored report.

The subject "has never been talked about," said Sir Monty. His main role will be as executive chairman of the Sears Engineering subsidiary which has a £113m. turnover and profits of £3m.

The first approach from Sears came apparently only two days after the announcement in March that the Government was not to re-appoint him as chairman of the BSC.

The two men have known each other for at least ten years "but I would not say that we were friends exactly because Sir Charles has never been to my home. But I did go to his 70th birthday party (Sir Charles will be 72 in December) so I guess there is some kind of relationship," said Finniston. "I am an admirer of his and he is an admirer of mine. That's a good basis for a relationship."

Lone star

The Jamaica Tourist Board was quick to point out yesterday that "The State of Public Emergency is not in any way a state of marshall (sic) law." I suppose that means they think the sheriff can handle it.

Observer

The European Court has taken the bit between its teeth in interpreting the Rome Treaty. A. H. Hermann reports that neither British nor Continental lawyers are altogether happy.

The judges' way with building Europe

WHITEHALL IS stressing the need for better arrangements for representing the views of EEC member States when the European Court rules on issues likely to have a legislative impact upon them. This need becomes urgent because the Court has assumed a much more central role in the Community's affairs than was foreseen by the "Fathers" of the Treaty of Rome.

The Whitehall case was put strongly at a conference organised by the Centre of European Law at King's College, London, this month.

There is no legal procedure for amending the Treaty of Rome and neither the European Commission nor the Council of Europe can reach agreement sufficiently quickly to be of practical use: at best they operate in a time scale related to history rather than to the business cycle. This has left a vacuum into which the European Court in Luxembourg has stepped.

The Court has derived considerable power from Article 177 of the Treaty which provides that where doubt exists about Community law, the question should be referred by national courts to Luxembourg for preliminary judgment to ensure uniform application of law in the Community. Much more than uniformity is now involved and the political, legislative and constitutional impact of European Court decisions is increasingly evident.

The King's College conference, chaired jointly by Lord Wilberforce and Mr. J.-P. Warner, one of the Court's Advocates General, heard Mr. Ian Sinclair of the Foreign Office and Mr. K. B. Newman of the Lord Chancellor's Department argue strongly for more time allowing not only for a quick study of the abstract questions submitted to the Court—the one month given now does not enable much more to be done—but also for consultations with interested bodies. Such bodies include the CBI and TUC as well as more specialised organisations, including trade associations, and individual experts.

Moreover, it was argued, if legal representatives of member Governments were to comment effectively on submissions presented in the same case by other member Governments, some sort of mechanism should be created to inform them of such submissions in good time before the hearing takes place in Luxembourg.

Marketing

It is not only the British legal establishment which regards Luxembourg with apprehension. Jurists in other member states are feeling uneasy. Italy, which has a long record of disobedience to EEC rules, has been recently told by the Court that certain of its price regulations are out of order. It is likely to be taken before the Court again soon, this time for discriminating in favour of Italian firms when placing public contracts. France was touched on the raw when the Court overruled the EEC Commission and in a whole series of judgments took the view that national marketing systems for agricultural products simply are no longer legal.

There has been a series of other decisions which radically affect not only the interests of individual Governments but the treatment of entire sectors of the EEC economy. Much has been written about the changes brought about by the European Court in trade mark law and patent licensing but in many other fields equally serious consequences of the Luxembourg rulings have yet to become clearly evident. The Court has brought the entire transportation and shipping field, kept separate in the EEC Treaty, within the scope of its general rules, starting with equal opportunity of employment for seamen throughout the Common Market which has opened the way for application of other rules as well. The consequent application of the rules of free provision of services and of unhindered competition might have a salutary effect but would certainly cause an upheaval in this tightly regulated industry.

Some of these decisions go to the limits within which the Court can realistically expect to be obeyed, given the halting progress of European political and economic integration and the fact that the European Court rulings can be given effect only by national courts or by the compliance of Governments. Already rulings outlawing national agricultural marketing systems probably go beyond these limits: it is feared that they will be ignored by some member Governments.

The European Court's decision establishing the EEC Commission's competence to conduct joint negotiations concerning export credit agreements on behalf of member States had such an effect. This particular decision seems to be most awkward for France, because its Presidents are in the habit of dispensing credits on very generous terms on the occasion of State visits.

Export credits may be an area where co-ordination of interest rates and elimination of unfair competition between Governments is more a matter for a gentlemen's agreement than for precise legal rules—an area in which the Court's ruling will produce no more than pressure on member Governments to keep within the lines established by informal agreements.

More portentous are the Dutch Fisheries Cases (Case nos. 3/76, 4/76 and 6/76). In these the European Court has been invited by two Dutch District Courts to pronounce on member States' ability to conclude treaties in an area of international law which is at the same time more formalised and politically highly charged. The questions which the Court was asked to answer concern the North-East Atlantic Fisheries Convention: are the measures—limitation of catches—required under this convention compatible with EEC law? And have member States the power still to conclude such agreements or has the prerogative passed to the Community?

These examples illustrate the power which the European Court derives from Article 177. There is nothing wrong in being alive, even for a court of law. There is however, it is felt, a need to provide a much wider basis for the Court's deliberations by ensuring a much wider discussion of the interests involved in the cases referred to it and of the possible consequences of the decisions taken.

The proposals to give member States more time when making observations on such important issues submitted to the European Court, originating from the Foreign Office and the Lord Chancellors Department, ought to be taken a step further. As the Court is engaged in what amounts to legislative activity, the business community and the public should be informed in good time about the issues involved, as is customary with all legislative proposals. Governments of member States should be able to draw their conclusions from the resulting discussion and to include these in the observations submitted to the Court.

A second requirement which becomes more urgent with every decision the Court takes, is the need for uniform and well delivered rules of interpretation. Every court of law, including the European Court, has more than one method of interpretation open to it. The Luxembourg Court starts by considering the words of EEC statutes. It compares them with other provisions. It has little chance of looking into the history of the adoption of the rules. But it always gives greater importance and weight to what it considers to be the *purpose* of these rules. To put it very simply—and therefore not quite fairly to the Court which often takes a broader view—the Court tends to hold that the Treaty rules, whatever they meant at the time of drafting, must *now* be given a meaning which is good for the integration of the Community.

This "teleological" interpretation enabled the Court to rule that whatever member States or the Council should have done but have left undone must be deemed done. The essence of the Court's approach was that those rules which the Treaty meant to bring to life only through national legislation must now be taken for law, creating for citizens and companies direct individual rights which national courts must protect. This reasoning was applied first to services and free movement of workers and later to transport, agriculture and equal pay, and now is in the process of being applied to external relations of member States, to problems of human rights and police registration.

Terry Kirk

Teleological

When English lawyers show surprise at such liberties being taken with the text of the Treaty of Rome, they are told in Luxembourg and Brussels that the *teleological method of interpretation* is quite acceptable among the continental States of the EEC. Many distinguished British lawyers were told so again at the King's College conference which in addition to the "role of the European Court," had on its agenda "the interpretation of Community law." But the truth of the matter is that continental lawyers are no less perplexed than the British by the unpredictability and uncertainty of law achieved by the European Court in this way. Continental civil codes usually prescribe how the judge should proceed in finding the meaning of the statute. He must first go by the words of the text, use comparison with other laws to make this meaning clearer, and only if this leads to no result may he inquire into the intention of the legislator—which is not the same as assuming a general purpose—however noble and praiseworthy it may be.

Letters to the Editor

Burmah's BP shares

From the Honorary Treasurer, Burmah Shareholders' Action Group

Sir,—Your Energy Correspondent suggests (June 29) that "a participation agreement with BP would 'clear the air for the disposal of the BP shares held by the Bank of England.'" This is an oversimplification of the position and we ought to make our stance entirely clear.

We have been advised by leading and junior counsel that the acquisition of the BP shares by the Bank was, for technical legal reasons either void or voidable. We have always subscribed to the view (albeit not one commanding unanimous support) that "the moral case against the bank is clear enough" (per the Lex column, June 7) on the basis that "the terms of the Bank's assistance were unnecessarily and mistakenly harsh" (per the chairman of the Committee of Institutional Shareholders in Burmah). Given our view, we believe that the full legal rights of Burmah must be exercised.

The disposal of the 77.8m. BP shares in January 1975 was in defiance of the oft-repeated pledge by the old Board — and fully known by the Bank — of no sale of the BP shares without shareholders' approval. Acceptance of the mistake of the old Board has been manifested by the new Board: hence the request for shareholders approval in general meeting for the sale of the rump of Burmah's BP holding. Approval was given at the AGM earlier this month with the blessing of 10m. votes for which we were proxy. But there is an important—and, indeed, vital—corollary, namely, that any approval by the Board of Burmah to any dealings directly in connection with the BP shares presently registered in the Bank's nominee company and the title to which is seriously in dispute cannot be regarded merely as a management matter, but one indisputably referable for ratification of Burmah shareholders in general meeting.

J. M. L. Stone.
4, Albany Court Yard, Piccadilly, W.1.

Electoral reform

From Councillor Mrs. C. Gillington.

Sir,—Last week you published a Court judgment on "Votes for mental patients," and the following day an article on electoral reform by Joe Rogaly. No one can, in my opinion, consider the different aspects of electoral reform without first considering the injustices and discrepancies of electoral registration and the postal vote.

In this electoral area we have a large psychiatric hospital with approximately 1,000 patients. In the registration of October, 1973, every single patient, even if there only for one night was registered, with the result that in the 1974 elections many patients had left the hospital and could not be traced, or were unable to return to this particular area to vote, and were thus disfranchised. In the October, 1974, registration only patients resident for more than a year were recorded, but it would appear that this too was illegal. These additional numbers were later used to claim an additional ward seat in the district council elections. On appeal this was disallowed by the Boundary Commission, or rather the additional seat was allowed in another ward.

Another major injustice very noticeable in this garrison area is the Service wives vote. They lose their Service vote immediately on return from overseas. More often than not they are not on the register in time for an election whether Parliamentary or local government. Servicemen, on the other hand may continue to use their Service vote wherever it is registered whether at home or abroad.

A third need for reform is the "week end cottage" area. Anyone with a second residence, or a business or a hired garage even can vote in both places in by-elections and either place in general elections, by post if they so wish, or in person.

Is it not time the laws on electoral registration were tidied up and clarified to produce a *situation of one person, one vote, in one place?*

C. Gillington.
Kennet District Council.
Wick Corner, Pans Lane, Devizes, Wilts.

Road Fund licence

From Mr. A Barnes

Sir,—Although I missed the news item that suggested that the Government was considering replacement of the £40 a year Road Fund licence by an additional 20p a gallon for petrol, I think the points raised by Mr. Webber (June 26) can be answered fairly easily.

It is not strictly logical to attempt to balance a possible reduction in administration costs by the higher petrol costs that the scheme would entail *for some individual motorists*. Like needs to be matched against like. *Higher overall costs for some motorists would be compensated for by lower overall costs for others.*

The average motorist, it was reported recently, now drives less than 7,000 miles a year: if he also drives an average car that does 30-32 mpg. he may find himself paying perhaps only a pound or so more than at present. If he can effect even a marginal improvement on his present mpg. he may well end up by paying less. More importantly, those motorists whose annual mileage is less than average would not, as at present, be subsidising the motorists who cover a high annual mileage.

The proposed scheme also offers the motorist more freedom: he would not only be in a position to appreciate more readily his real motoring costs, he would also, to a greater extent than hitherto, be able to take measures to reduce them. All in all: the Government's proposal seems eminently reasonable. It is more equitable than the present arrangement and as a measure designed to encourage less petrol consumption, it has much to commend it.

Tony Barnes.
16, Manor Close, Felpham, Bognor Regis, Sussex.

The corporate report

From Mr J Leavey

Sir,—In July last year the accountancy profession produced its document on company and other reports called, "The Corporate Report." It is a weighty publication full of controversial material and deserved the criticism and support which it attracted in public and in private.

By contrast the paper issued last week by the Department of Trade is superficial and has evidently been produced to keep the pot simmering until the Government makes its views known and flies some kites in a proposed Green Paper to appear later. Meanwhile may a plea be made to those who will contribute to ultimate decisions to consider the following?

There should be a recognised distinction between the wish to know and the right to know. It is not a distinction the Press generally cares to admit, but it is a distinction legislators and others should respect. Almost any proposal which offers additional information is welcomed and, since it is free, tends to be ignored and lowly valued. A particular situation is created if the information is emotively described as "disclosures."

In deciding the actual burden to be imposed on the few to provide facts, figures and comment for the notional enlightenment of the many, the use that is made of the information should be a *primary rather than a secondary* consideration.

Although statistics derived from research are lacking, it is coming to be recognised that company reports are among the most unread documents published. It seems that perhaps 90 per cent. are consigned to the wastepaper basket unopened even by the so-called professionals. Instead of piling up the information and compelling distribution to uninterested addressees to satisfy a virtually non-existent demand, a new approach should be considered.

Why not require that the information is made available only on demand to those defined as entitled to it? That would provide for meeting real needs, avoid much waste, and dispose of the myth that a significant proportion of shareholders or employees, or anyone else, reads let alone marks, learns and inwardly digests the contents of company reports.

J. A. Leavey.
10, Alexander Place, S.W.7.

Transport policy

From The Secretary, Pudsey Dishforth Motorway Action Group.

Sir,—I was delighted to see that Mr. Watkinson (June 19) has resurrected his old hobby horse of converting railways into motorways. It is particularly appropriate that he should have produced the "little used" Leeds/Harrogate railway line (50 trains per day) as an example. There are four major engineering works on the 18 miles of track, the most important of which is the two mile, 241 yards, Bramhope Tunnel. At its deepest point, this is 290 feet below the surface. The bore is elliptical in shape and has a maximum width, which you will appreciate is not at track level, of 25 feet. It took four years to construct in the middle of the 19th century.

The proposal for the extension of the M1 is for two 24-foot carriageways, each of which would have an additional hard shoulder. In other words, the conversion of this particular railway to a motorway would require not merely a new tunnel but a major enlargement of the existing bore. Even if Mr. Watkinson would be happy to finance the Kirkhamgate-Pudsey-Dishforth project himself, I doubt very much whether his bank manager would be keen to support him, particularly if the project included a second Bramhope Tunnel.

There has been much discussion of late of the cost to the country of its road system and ancillary services. Cases can be made out showing that the taxes paid by road users both exceed and fall short of the full costs of the road system. The point at issue here is whether or not the northward extension of the M1 would be a proper *use of the country's* resources. I doubt very much whether the expenditure of £150m. (a figure which I would be happy to justify to Mr. Watkinson at any time), is a sensible use of the country's scarce resources, particularly during a period of high inflation that has been made worse by excessive Government expenditure of this nature.

My group is not anti-motorway as such. It is pro "a realistic transport policy." A realistic transport policy is one that makes the best use of our existing resources. One hopes that slowly but surely the message is being received that this does not involve merely covering our countryside with concrete.

W. H. J. Mordy.
29, Breary Lane Bramhope, Leeds

Post Office profits

From the Chairman, Telecommunications Managers' Division, Institute of Administrative Management

Sir,—It is not the first time that Mr. Tom Jackson (June 25) has called for a national communications strategy. This is a red herring to divert attention from the need to separate the two sides of the Post Office: a view favoured, I believe, by Sir William Ryland and many senior postal managers. What this country needs, and needs urgently, is less interference by government — not more. Of *course one can understand the* opposition, by the general secretary of the Union of Post Office Workers, to a split.

We know that separate Post Office accounts are kept, but nevertheless while the two sides form one organisation there will be people — including MPs and others who will be influenced by them — who make statements similar to those about which I wrote (June 23).

In the telecommunications managers' division, our 300 members, representing the *largest* companies in industry and commerce, feel that since we pay the piper we should be allowed to call some of the tunes. Our reasons for seeking separate organisations are not primarily financial but are directed at efficiency in the telecommunications field, which is so important to the economic health of the country.

O. N. F. Case.
205, High Street, Beckenham, Kent

Dairy industry threat

From Mr. L. T. S. Littman

Sir,—The provisions of the Rent (Agricultural) Bill, which threatens the dairy industry of this country and greatly exacerbates our balance of payments position, surely merit greater public attention than they are getting.

The Bill is, ostensibly, designed to give dismissed farm workers *temporary possession of their service cottages pending their* being found accommodation by local councils. But its details all point to long-term occupancy as for ordinary controlled tenancies, they allow the occupier to go on living in them after he has voluntarily left the farmer's employ, and local authorities so far from being compelled to find alternative housing, are merely being asked to "use their best endeavours" to do so.

Over 600 councils are being offered a total of £5m. for the provision of extra housing for this purpose. At £12,000 a house this will allow 416 houses to be built throughout the country to meet the Government-created demand for perhaps ten times that many houses.

A further absurdity is the rent proposed for this "temporary" accommodation. It is to be 1½ times the ratable value. The average ratable value of a farm cottage might be £80 per annum against £120 to £300 per annum were the same cottage unconnected with farming. This difference recognises the service nature of the house and perhaps the low price and wage structure which have so long characterised farming. As a result of his farm cottage being taken out of farm use, the farmer effectively stands to lose between half and three-quarters of the value of all these purpose-built farming houses. It has been stated in Parliament that 90,000 houses will be affected. Assuming that each such house has an average value of £20,000 this Bill will effectively confiscate the greater part of assets having a total value of £1.8bn.—and without any kind of compensation. This, is therefore, the greatest "Nationalisation" Bill ever introduced in Parliament and the most savage in its total lack of compensation.

One aspect, often forgotten, is the caretaking aspect of the job. A modern 100-cow dairy with its buildings, cattle, feeding-stuffs, *equipment and stores, represents* a value of around £100,000. Such dairies are often two or three miles from the nearest village. There are risks from fire, from vandals, from thieves. There are risks to cattle from difficult calving and from sudden illness. These considerations emphatically require the constant care of *a responsible dairyman, living alongside the dairy unit.*

The tied cottage is also equivalent *to the caretaker's flat in a factory compound containing* valuable machinery. It is part of the fixed plant and it should be considered just as inconceivable to nationalise and divert the tied cottage from the purpose for which it was built as to do this to a caretaker's flat in a non-nationalised industry.

Surely this ill-conceived measure can at least be amended in the following ways: a) exclude tied cottages connected with dairying and other livestock *enterprises, b) compel local* authorities to find alternative housing within three months, c) give them £50m. to help them do it, d) limit relief to farming workers who have worked for a farm-owner against whom relief is sought, a minimum of three years, e) The interim rent to be the fair market rent for residential purposes.

It is difficult to understand how the legislature of this country can contemplate the passage of a measure which threatens to undermine the most progressive and enterprising sector of our farming industry and increase our heavy dependence on the import of foreign food.

I assume it does so only because most MPs are totally ignorant of the industry for which they presume to legislate, and think that any measure which smacks of class-war, expropriation of property rights and sowing division among people in a relatively contented industry, must be good in itself.

May one hope that MPs will wake up to the absurdity of this Bill before it is too late and before we have recourse to the IMF. Otherwise the latter might conclude that the Government capable of such wanton destructiveness was a totally unsatisfactory risk for the investment of any further foreign capital.

L. T. S. Littman.
Ashley Chase, Abbotsbury, Dorset.

To-day's Events

GENERAL

Prime Minister and Mr. Anthony Crosland, Foreign Secretary, hold talks in Bonn with West German Chancellor Helmut Schmidt.

Members of Bullock Committee on industrial democracy, beginning three-day visit to Germany, will join discussions.

European Communist Parties' two-day conference ends, East Berlin.

Price Code revisions expected to be published.

Consultative committee of Accounting Standards Committee, at which TUC, CBI and City institutions will be represented, considers future accounting and financial reporting standards for British companies and also discusses possible suspension of ASC standard on deferred tax accounting.

Sir Ronald McIntosh, director-general, National Economic Development Office, chairs BIM conference on "A National Strategy for Industrial Recovery." London Hilton, W.1. Speakers include Mr. Nicholas Goodison, chairman, Stock Exchange, Mr. Michael Edwardes, chairman and chief executive, Chloride Group and Mr. Nigel Foulkes, chairman, British Airports Authority.

PARLIAMENTARY BUSINESS

House of Commons: Education Bill, remaining stages.

Commons Select Committee. Expenditure (Environment Sub-Committee). Subject: Planning Procedures. Witnesses: Town and Country Planning Association.

House of Lords: Royal County of Berkshire (Public Entertainment) Provision Order Confirmation Bill, second reading. Police Bill, committee. Armed Forces Bill, second reading.

OFFICIAL STATISTICS

Bricks and cement production (May).

COMPANY RESULTS

Geo. Bassett Holdings (full-year). Blundell-Permoglaze Holdings (half-year). BPB Industries (full-year). General Electric (full-year).

COMPANY MEETINGS: See Page 23

COMPANY NEWS + COMMENT

Morgan-Grampian almost doubled

SALES OF publishers of business and specialised consumer magazines, Morgan-Grampian, increased from £18.79m. to £20.06m. in the year to March 31, 1976, and pre-tax profit advanced from £0.56m. to £1m. after £0.31m. (£5,000 loss) for the first half.

Operations in the U.K. and U.S. improved their performance at a rate which gathered momentum in the final quarter.

Earnings per 25p share increased from 0.6p to 2.9p for the year. After extraordinary debits of £129,000 (£958,000 credits) they were down from 9.9p to 1.6p.

In view of the improvement during 1975-76, the "excellent prospects" for the current year and the continued strong cash position the dividend is raised from 2.188p to approximately 2.375p, the maximum permitted, with a final of 1.327p.

The current year has started extremely well both here and in the U.S. and profits in America will be free of tax until past losses have been used up.

Budget for 1976-77 anticipates profits, before tax and after development expenditure, of £2.6m. and after tax of £1,300,000. The pre-tax profit in the first half is budgeted at £0.8m. and £1.8m. in the second half. The first two months produced a profit of £398,000—well ahead of budget.

The budget for the second half is a testing one but all signs "are very promising and we believe we have more than a good chance of exceeding our budget for the year," the directors state.

	1975-76 £000	1974-75 £000
Sales	20,084	18,793
Trading profit	1,658	1,067
Development costs	663	481
Profit before tax	995	586
Taxation	455	453
Extraordinary debits	129	*958
Dividends	284	224
Deficit retained	78	*795

* Credits.

The extraordinary item, being the final settlement in respect of the remaining leasehold development property interest, was a charge of £129,000. An adjustment of £231,000 arising from the restatement of the U.S. balance sheet due to the fall in the value of the pound, has been made through reserves, it is stated.

● comment

Pre-tax profits up 79 per cent. and a forecast of £2.6m. next time clearly impressed the stock market, where shares of Morgan-Grampian rose 11p to 83p yesterday. Sales of advertising space in business magazines are a good barometer of business confidence and the last quarter showed a great improvement. Marginal profitability is high and the forecast profits are based on a sales rise of only 15 per cent., which could be conservative. This year's tax charge is again high because losses in the U.S. are not allowable for U.K. taxation. Next year, however, should see a turnround to profit in the U.S.. At 83p the yield is only 4.3 per cent. but the prospective p/e is 5.6.

INDEX TO COMPANY HIGHLIGHTS

LCP turns in £2.26m.: pays 3.9p

IN LINE with the forecast of not less than £2m., pre-tax profit of LCP Holdings was £2.26m. for the year to March 31, 1976, compared with £2.41m. previously.

At the trading level, only metals and vehicle distribution showed a lower year-end profit but interest charges were up from £0.81m. to £1.07m. Turnover increased from £61.16m. to £75.16m.

The directors state that while the general trading climate remains uncertain, the group has made a most encouraging start to the current year, and earnings to date are ahead of the first six months of the previous year.

Re-organisation of the engineering operations is now complete and the rationalisation of the vehicle distribution division and the integration of the recently acquired home improvement centres is proceeding.

On increased capital earnings per 25p share are shown to be down from 6.9p to 6.4p and the final dividend is 2.63p net for a 3.9p (2.8929p) total, as forecast. Treasury consent has been obtained.

	1975-76 £000	1974-75 £000
Turnover	75,155	61,158
Trading profit	3,322	3,213
Construction	420	334
Distribution	780	479
Engineering	777	436
Metals	494	694
Property	952	531
Vehicle Distribution	329	497
Interest payable	1,069	807
Dividends received	3	3
Profit before tax	2,256	2,411
Taxation	1,026	1,091
Net profit	1,230	1,320
Extraord. credits	41	284
Available	1,279	1,604

● comment

LCP is 6½ per cent. lower pre-tax. But with acquisitions coming through strongly and additional properties plus reversions lifting this year's gross rental income by a third, the group expects a big upswing in 1976-77. Profits before interest could rise by around £1.7m. overall—to £5m.—with acquisitions accounting for perhaps £1m. of the extra profit and rental income for £0.3m. The rest of the upturn can be comfortably spread across the other group divisions with the possible exception of vehicle distribution. February's rights issue should hold this year's financing charges to £1m., so earnings per share for 1976-77 could emerge at 9½p—enough to cover a prospective yield of 10.9 per cent. at 63p, some 2¼ times. The shares have a market capitalisation of £14m.

Statement, Page 24

H. Samuel liquidity strong

IN SPITE of a £3m. increase in fixed assets and a rise in stock, the H. Samuel group of companies is still in a strong liquid position, states Mr. G. H. Edgar, chairman, in his annual review.

He reports that seven freehold units were bought, new branches were opened and existing units enlarged, all financed internally. The stock increase was due both to additional branches and inflation.

The acquisition of properties contributed to an increase in the total of freeholds and leaseholds which the directors value at not less than £21m., compared with a book value of £9.14m.

He says that turnover in the current year to date has been satisfactory—last year's figures however were distorted by sales at double the norm in April following advance notice of VAT increases. Although this may affect the first half comparison, he is confident that the year-end result "should again be ahead of the previous 12 months."

For the year to January 31, 1976 taxable profit, as reported May 26, was up from £7.56m. to £8.4m. Dividends total 5.3p net (adjusted 4.833p).

During 1974-5 the company exceeded its reference level of net profit by £875,000, for which provision was made. In 1975/6 the company, jewellers, handed back £566,000 of that excess by reduced margins, leaving £309,000 for a similar purpose this year.

Lesney forecasts record

TRADING by Lesney Products and Co., the Matchbox toy firm, was heading for still higher levels in the current financial year following the all-time record turnover and profits of the year ended February 1, 1976, Mr. P. M. Tapscott, chairman, told the annual meeting.

Lesney's business was running at record levels—sales for the first 24 weeks could be of the order of £19m., with profit before tax in excess of £2.7m. (£1.6m.), he said.

"From this you will gather that the outlook for the full year is encouraging and we expect, subject to no unforeseen occurence, a further successful year."

● comment

It looks as if Lesney can top £8½m. pre-tax this year. Sales volume for the first 24 weeks of 1976-77 is running some 7½ per cent. higher and the overseas profits ratio—now more than 50 per cent.—is clearly generating useful currency gains. Pre-tax margins for the interim period look to be about 47 per cent. up on the somewhat depressed opening half of 1975-76. The shares are still two-thirds above their 1976 low at 59p, and the forecast 6.4 per cent. yield looks like being covered more than five times by earnings on average capital.

Francis Sumner

Mr. M. Maimann, chairman of Francis Sumner (Holdings) does not consider it advisable to forecast trading profits for the year but is confident that the group can take advantage of any opportunity which might arise, and is poised for an upturn in trading.

External sales for the first four months of the current year are some 20 per cent. up on last year. The order position is reasonable, but somewhat patchy in the manufacturing division; there is no doubt that imports are aggravating the position, he tells members.

As reported on May 21, pre-tax profits dropped from £0.91m. to £0.56m. in 1975. The dividend is 0.70275p (0.65636p) net.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Avana Group	0.45	—	0.18	0.75(a)	0.18
BET Omnibus	8	July 23	14.38	13.5	17
Brown Boveri Kent	1.0†	Oct. 1	Nil	1.0	Nil
Campari .... 2nd int.	0.58(c)	Aug. 13	—	—	1.73
Crosby House Group	3.85	—	4.5	9.35	8.5
Electrocomponents	2.26	—	2.11	4.08	3.76
J. & H. B. Jackson 2nd int.	0.24†	Aug. 9	0.13	—	0.46
A. E. Jenks & Cattell int.	0.75(b)	July 23	0.53	—	1.58
Kenning Motor .... int.	1.3	Oct. 1	1.3	—	3.4
L. C. P. Holdings	2.63†	—	1.85	3.9(a)	2.89
Morgan-Grampian	1.33	—	1.22	2.38	2.19
Wm. Reed	1.88	—	2.44	2.68	2.44
Ropner	0.93	—	0.8	1.73	1.6
Saint Piran	1.25	Oct. 1	0.63	1.25	0.63
Standard Chartered Bank	9†	Aug. 13	7.04	15.75	13.29
R. W. Toothill	2.88	—	2.61	4.13	3.79

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Treasury consent obtained. (b) To reduce disparity. (c) Gross. Total of 2.5p intended.

Stonehill sales increase

Sales for the first 12 weeks of the current year of furniture manufacturer Stonehill Holdings are ahead of the comparable 1975-76 period and order books are at a healthy level, the chairman, Mr. P. Steinberg, tells members in the annual report.

The company is now in a position to give better service to its customers than in the past as new facilities, costing £400,000, have increased its production potential.

Mr. Steinberg says the company is in a strong position, financially, to deal with its future plans without "necessarily relying on ample un-utilised bank facilities." At April 4, 1976, Stonehill's cash holding stood at £0.9m. (£0.43m.) and there were no borrowings.

As reported on May 11, pre-tax profits last year were £1.33m. (£0.78m.) and turnover £11.01m. (£7.07m.). Earnings per 25p share were 15.02 (8.83p) while dividends totalled 8p net (5.33p adjusted).

J. & H. B. Jackson progress

GROUP TRADING profit of J. & H. B. Jackson for the six months ended March 31, 1976, increased from £872,000 to £988,000, subject to interest on the debenture stock of £19,000 (£21,000).

Corporation tax takes £440,000 (£420,000), and earnings per share were 2.19p (1.96p).

Improvement shown in the current year over 1975 is fully expected to be continued in the second half, the directors state. Pre-tax profit for the year to September 30, 1975, was £1.65m.

It is intended to pay a second interim dividend of 0.24375p per 5p share net. This makes, with the interim on capital prior to the recent rights issue, a total so far for the year of 0.56875p. The total dividend forecast for the year at the time of the issue was 0.8125p per share net (0.46167p).

The company's business is that of iron, steel and non-ferrous merchants.

NAMARA GROUP

Quartet Books has been acquired by the Namara Group which will put in new capital of £250,000 over two years. Headed by Mr. Naim Attallah, Namara paid £142,000 for 87.5 per cent. of Quartet. It is planned to expand into the educational publishing field and into American, Middle East and Australian markets.

ISSUE NEWS AND COMMENT

Mid Kent Water offer by tender

Brokers Seymour Pierce have completed an offer for sale by tender of £3m. of 8 per cent. Redeemable Preference Stock 1981 in The Mid Kent Water Company at a minimum price of £97.50 per cent.

The stock is payable as to £10 per cent. with tenders to be received no later than Tuesday, July 6, with the balance due on or before August 6. Tenders must be a minimum of £100 of stock or multiples thereof.

Interest on the stock will be payable half-yearly on July 1 and January 2 with the first payment of £3.2899 per cent. due next January. On the issue price the grossed up running and redemption yields are 12.62 and 13 per cent. respectively.

● comment

The market background to this Mid Kent issue looks firmer than earlier in the month when Sunderland's offer faced a sliding gilt market. However, Sunderland was a success, and there is no reason to suppose that Mid Kent on the same terms will be anything less; barring any sharp decline in market sentiment between now and Tuesday. At present a comparable stock can be bought in the market in fairly small quantities of up to £30,000 at £98. So, on current standing, Mid Kent's offer should be a reasonable success, with tender prices pitched at say a quarter to a half-point above the minimum of £97½.

Abridge details Page 8

SHORT-TERM LOCAL LOANS

Coupon rates on this week's batch of local authority yearling bonds are unchanged at 11⅝ per cent. Prices are left at par and the bonds mature on July 6, 1977.

The new issues are: City of Glasgow District Council (£2m.), London Borough of Harrow (£½m.), City of Manchester (£1½m.), Bradford Metropolitan District Council (£½m.), North West Leicestershire District Council (£¾m.), Reigate and Banstead District Council (£½m.), Castle Point District Council (£½m.), Borough of Scunthorpe (£½m.), Bolton Metropolitan Borough Council (£1m.), Borough of Poole (£1m.), Stafford Borough Council (£½m.), Borough of Sunderland (£1m.), St. Helen's Metropolitan Borough Council (£½m.), Shepway District Council (£½m.), Royal Borough of Windsor and Maidenhead (£½m.), Hampshire County Council (£1m.), Strathclyde Regional Council (£1m.), Gwynedd County Council (£½m.), Suffolk County Council (£½m.), City of Oxford (£1m.), Basingstoke District Council (£1m.), City of Kingston-upon-Hull (£1m.) and Tendring District Council (£½m.).

Dawson Intnl. confident

THE chairman of Dawson International, Mr. Alan Smith, says there has been a degree of rationalisation, a re-equipping of certain factories, and the group is in a healthy state to compete in world markets.

The immediate objectives of the Board are to consolidate the progress made during the past 15 months, to plan for expansion and to examine related growth areas, the chairman says. For the current year, borrowings will be well within available facilities and presently the group is in credit.

As reported on June 22, pre-tax profits for the year ended March 31, 1976, recovered sharply from £0.5m. to £2.86m. The dividend is a maximum permitted 3.03p (2.79p).

The improvement in export markets combined with better productivity and lower levels of capital employed provided significant benefits, particularly in the second half. All efforts were directed towards recovery, rationalisation and laying firm foundations for the future, says the chairman.

The report shows that at the 1975-76 year-end, the chairman held 936,914 Ordinary shares compared with 2.56m. Ordinary a year earlier.

Between March 31 and June 3, 1976, his holding has been reduced by 25,000.

Electrocomponents growth

EXTERNAL SALES for the year to March 31, 1976 of Electrocomponents increased from £12.77m. to £15.85m., and pre-tax profit advanced from £2.5m. to £2.85m. of which £1.45m. (£1.28m.) was earned in the second half.

A final dividend of 2.25838p raises the total from 3.75779p to 4.07938p net per 10p share.

	1975-76 £000	1974-75 £000
External sales*	15,852	12,772
Profit before tax	2,849	2,503
Taxation	1,492	1,292
Net profit	1,357	1,211

* After customers' bonus.

● comment

Electrocomponents' profits rise of only 14 per cent. on a more than 24 per cent. increase in turnover reflects efforts to bring gross margins within reference levels—a point appreciated in the 3p rise in the shares yesterday to 107p giving a p/e of 7.7 and a yield of 5.9 per cent. With margins now at an acceptable level, a rise in volume sales is sought aided by a wider product range, while the computer innovation is relevant to the scope left for improving net margins. Reading Windings should improve on last year's probable break-even position as the economy picks up and the new mail order company, which has taken longer than expected to move out of start-up losses, has produced a much improved turnover performance in the year so far. But more important this year, perhaps, is the continuing sales buoyancy shown elsewhere in the group.

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tax reliefs amounting to about £108,500 of which £96,000 relate to the year ended March 31, 1976.

Since the year end the company has agreed to purchase Parambe Oil and Gas Operations. This acquisition is subject to the approval of Parambe shareholders at a meeting which is expected to be held at the end of July.

The Premier North Sea Group is planning to commence the first well on block 29/8b during the autumn of this year.

Downturn at Premier Oilfields

A sharp drop in pre-tax profit from £375,096 to £189,236 is announced by Premier Consolidated Oilfields for the year ended March 31, 1976, after £229,959 compared with £99,222 in the first half.

For the year there is a loss per 5p share of 0.23p, compared with earnings of 0.38p. Once again there is no dividend payment.

Final decisions are being made on certain U.S. expenditure which for the time being has been assumed to be a charge against revenue. Should the expenditure be classified as a capital item the effect will be to increase the profit from operations.

	1975-76 £	1974-75 £
Turnover	1,526,669	1,217,652
Surplus before deprecn.*	324,010	492,368
Exploration written off	277,178	—
Deprecn. and amortn.	55,902	273,478
Directors' pensions	45,951	47,250
Loan stock interest	4,855	15,000
Bank overdraft interest	4,174	8,244
Auditors' remuneration	6,426	5,795
Invest. income	112,641	68,615
Minority interest	59,368	10,957
Profit from operations	[illegible]	[illegible]
Exceptional credit	75,000	149,271
Profit before tax	189,236	375,096
Taxation	[illegible]	[illegible]
Net loss	[illegible]	99,247

[illegible] Deferred tax [illegible] Credit [illegible]

Should Trinidad draft tax proposals be enacted without change, the company would be entitled to came to £236,232 (£227,135). Net current assets were £3.06m. (£2.30m.).

The chairman refers shareholders to the rights issue announcement on the group's prospects and says that it would be inappropriate at this stage to add to that. He expects to speak more fully on current year outlook at the AGM in Manchester on July 21.

As already reported, for the year to March 31, 1976, pre-tax profit was £1.18m. (£0.96m.) on turnover of £17.33m. (£17.31m.). The dividend has been stepped up from 2.8556p to 3.11685p net.

Dimplex now past the worst

Announcing the introduction of new products this year, Mr. H. R. Heath, chairman of Dimplex Industries, says he is confident that the group, which has incurred losses in the past two years, "is now past the worst."

The company is diversifying into new products — in the Autumn a range of small appliances is being launched and other new appliances will be introduced later. Dimplex is principally engaged in making electrical appliances, controls and elements and thermal insulation.

Its objectives for the year, while recognising the seasonability of its business, are to return to earning a profit for the full 12 months and further to reduce indebtedness to its bankers.

The directors see improving exports sales both at Dimplex and at its subsidiary, Central Heating Units, helped by the devaluation of sterling.

At home they feel sure that the Electricity Council's continued vigorous promotion of the benefits of electricity with a substantial emphasis on off-peak tariffs will help to dispel public misunderstanding and thus improve the group's market potential.

As reported on June 22 the group reduced its pre-tax loss from £685,951 to £477,037 for the year to March 31, 1976.

At year-end bank borrowings excluding short term finance were down from £4.86m. to £5.16m.

Meeting, Southampton, July 21, noon.

WGI obtains new orders

Mr. F. P. S. Stammers, chairman of WGI, tells members that new contracts on a design and construct basis have been obtained by the restructured management of the civil engineering division.

Meanwhile, the pursuit of overseas orders has led to a number of significant tenders being submitted for piling work, while United Kingdom Construction and Engineering has successfully completed contracts concerned with oil drilling mud process plant. Mr. Stammers anticipates that there will be further work of this nature.

At end-March 1976, the cash holding of the group stood at £811,359 against £439,938 previously, while bank overdrafts

Encouraging prospects at James Dawson

The volume of orders received at James Dawson and Son during recent months is encouraging, says the chairman, Mr. E. H. Tutty. While the increase is unlikely to be reflected in the current first half results, it should improve margins in the second six months, he states.

As reported, pre-tax profits for the year ended March 31, 1976, fell from £738,067 to £470,280. The dividend is kept at 4.42p net.

Renewed ordering the second half did not return soon enough to affect the results, says the chairman. The downturn in business, which affected special products in particular, together with increased wages and higher overheads resulted in the sharp fall in profitability.

The group trades as agricultural and industrial belt makers. Meeting, Lincoln, July 23 at noon.

Humphries Holdings £0.83m. loss

After redundancy costs, less Government rebate, of £321,183, Humphries Holdings made a pre-tax loss of £831,657 in the year to March 31, 1976, against a loss of £834,199 for 1974-75. At halfway the deficit was £212,100 (£57,300).

The company develops and prints motion films and is a subsidiary of British Electric Traction.

	1975-76 £	1974-75 £
Group turnover	[illegible]	[illegible]
Group loss	510,474	574,190
Redundancy costs	321,183	—
Loss before tax	831,657	834,199
Tax credit	76,157	[illegible]
Net loss	755,454	[illegible]
Minority loss	24,475	15,032
Extraord. debits	49,300	53,644
Attributable loss	[illegible]	[illegible]
Balance on reserve	447,302	—
Capitalisation ... subs.	12,470	—
Deficit forward	1,055,190	762,074

* Charge.

SQUARE GRIP

Square Grip, a wholly-owned subsidiary of Transport Development, is holding talks with Estel NV Hoesch Hoogovens with a view to taking over one of the Dutch firm's subsidiaries, Staalmat, is a manufacturer of steel matting for the building industry.

No indication of the size of Staalmat has been given.

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Standard & Chartered beats expectations

GROUP trading profit of Standard Chartered Bank rose from £82.86m. to £85.09m. for the year to March 31, 1976, and, including a share of associates' profits of £7.18m. against £4.98m., pre-tax profits expanded from £71.15m. to £92.27m. At midway the rise was from £42.72m. to £46.73m.

In February, announcing a three-for-20 rights issue to raise some £81m., the directors said they expected that trading profits for the year would be similar to those of 1974-75 but after significantly lower additional provisions against advances and for pensions, net profits after tax and minority interests but before extraordinary items would be not less than £34m.

In fact there are no such provisions for 1975-76 compared with £16.7m. last time and the attributable balance is up from £29.6m. to £38.15m. before extraordinary items giving earnings of 62.5p, against an adjusted 48.6p, per £1 share.

As promised, the final dividend is 9p net on the increased capital for a total of 15.75p (13.2945p).

	1975-76 £000	1974-75 £000
Trading profit	85,087	82,565
Addnl. provisions	—	16,707
Share of associates	7,184	4,984
Profit before tax	92,271	71,146
U.K. tax*	10,475	7,667
Overseas tax	35,487	28,350
Net profit	46,309	35,129
Minorities	8,158	3,472
Leaving	38,151	29,657
Extraord. debits†	3,688	4,628
Dividends	10,276	7,989
Retained	24,187	17,040

* Less double tax relief. † Comprise: net losses on writing off, disposals and dilution of interests in subsidiaries, associated companies, trade investments, and premises £3,658,000 (£183,680) and goodwill on acquisition of subsidiary nil (£4,445,000).

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See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's time-table.

TO-DAY

Interims—Ashmole Investment Trust, Bett Bros., Blundell-Permoglaze, Bremnall Beard, C.G.S.B., Crest Nicholson, Dunford and Elliott, M. and G. Dual Trust, Vectis Stone.

Finals—Adda International, BPB Industries, George Bassett, Brickhouse Dudley, Courts (Furnishers), East Asiatic Rubber Estates, General Electric, Halma, Hicking Pentecost, Goldring, Lamont Holdings, Lennons Group.

FUTURE DATES

Interims—

Bath and Portland .... July 5

Finals—

AVP Industries .... Aug. 3
Braham Millar .... July 7
Cox (H.) and Sons (Plant Hire) .... July 6
Daily Mail and General Trust .... July 13
Dyson (J. and J.) .... July 29
Fodens .... July 14
Watson (R. Kelvin) .... July 6

Ropner's record £1.77m.

A SECOND-HALF improvement at *Ropner Holdings* lifts group pre-tax profit from £1.52m. to a record £1.77m. in the year ended March 31, 1976, after £0.84m. compared with £0.98m. in the first six months.

	1975-6 £000	1974-5 £000
Turnover	7,939	[illegible]
Trading profit	1,014	[illegible]
Share assoc.	135	[illegible]
Profit before tax	1,772	1,517
Shipping	[illegible]	[illegible]
Engineering	[illegible]	[illegible]
Insurance broking	250	[illegible]
Prop. develop. & finance	48	[illegible]
Surplus on exchange	74	114
Invest. income	253	[illegible]
Group tax	762	[illegible]
Assoc. tax	39	[illegible]
Net profit	875	[illegible]
Minorities	10	13
Extraord. credit	736	—
Available	1,706	[illegible]
Dividends	256	[illegible]
Retained	1,450	[illegible]

* Loss.

The year's profit includes £158,000 from associates (loss £82,000), increased results from engineering, a turnround from a loss of £316,000 to a profit of £48,000 in property development and finance, and investment income of £284,000, compared with £87,000. Shipping activities showed a decline.

The pre-tax figure is struck before an extraordinary credit of £736,000 (nil).

Stated earnings per 25p share are 6.5p (4p)—dividend total is 1.7342p net, compared with 1.6004p, with a final of 0.9342p.

● comment

Ropner's engineering division confirmed its position as the group's main profit earner last year with an 83 per cent. jump in its contribution. This, combined with a sharp turnround from losses by the property side (reflecting the completion of the Australian operation) kept the pre-tax level on the upward path despite a predictably poor performance from shipping. Profits here fell by 60 per cent. and although the group managed to sell one of its two unchartered vessels (the other three are all on profitable charters) last year, hence the extraordinary item, the outlook is still bleak. On the engineering side though, the group is still looking for further growth. Demand for the products of the two main subsidiaries, Airtech and Hozelock, is apparently increasing both at home and overseas (exports are 35 per cent. of engineering sales) and the group is investing in new capacity for both. The balance sheet is still strong with cash resources of over £3½m. and the "A" shares, at 28p, yielding 10.6 per cent., covered 3½ times, on a p/e of 3.9 are on firm ground.

To-day's Company Meetings

British Home Stores, 129-137, Marylebone Road, NW, 11.30. Cater Ryder, 1, King William Street, EC, 12.30. Duncan (Walter), Goodricke, 37, Mincing Lane, EC, 12. Hield Bros., Bradford, 12. Melville Dundas and Whitson, Glasgow, 12. Selincourt, 48, Grosvenor Square, W, 12. Simonside Investment, 16, St. Martins-le-Grand, EC, 12.30.

H. Norrington improvement

Turnover of agricultural engineers, etc., Henry Norrington and Son, increased from £4.75m. to £5.4m. for the six months to March 31, 1976, and profit expanded to £104,000 (£26,000) reflecting increased profitability of all branches.

The directors expect that, in the absence of unforeseen circumstances and taking account of seasonal influence of the oil distribution business, profits for year will be approximately £175,000 (£33,400 net for 1974-75).

Brown Boveri Kent expands to £2.45m.

GROUP PROFIT, before tax, of instrument makers, Brown Boveri Kent, increased to £2,452,000 for the year to March 27, 1976, compared with a forecast of not less than £2.2m., and with the £955,000 for the previous year. At midway it was up from £292,000 to £1,064,000.

Turnover for the year expanded from £45.32m. to £55.01m., earnings per 25p share were 2.32p (0.02p adjusted) on a net basis and 2.96p (0.02p) on a nil basis. The dividend, on capital increased by a one-for-four rights issue, is the foreshadowed 1p net (nil).

The current year has started with a healthy backlog of orders, but not as evenly spread throughout the company as might be wished, the directors state.

There are signs of recovery in some export markets for water meters, but it is too early to say whether the company has experienced the worst of the world recession in process control projects, where international competition remains particularly fierce.

The financial year end is to be changed to December 31.

	1975-76 £000	1974-75 £000
Turnover	55,012	45,318
Trading profit	4,133	2,730
Interest charges	1,661	1,765
Profit before tax	2,452	965
Overseas tax	1,036	395
Other tax, etc.	14	101
ACT on dividend	224	—
Net profit	1,184	266
Minority interests	312	261
Foreign exchange credit	613	*867
Capital duty, etc., exps.	33	114
Off goodwill	250	—
Total extraord. items	310	*751
Net surplus	1,152	*774
Ordinary dividend	434	—
Balance to reserves	719	*774

* Debit.

The 21 per cent. increase in sales is in large measure due to the effects of inflation and currency changes, but includes a 28 per cent. increase in U.K. exports to £15.2m., the directors state.

The level of activity remained generally satisfactory in the process control subsidiaries and margins improved. Sales of domestic water meters were adversely affected in many parts of the world due to the general recession.

● comment

With pre-tax profits up 156 per cent., Brown Boveri Kent has comfortably beaten its January rights issue forecast, and now looks firmly set on the recovery path. The senior Swiss management (Brown Boveri owns 54.6 per cent.) which has thoroughly rejigged the price and product policy, is now emphasising earnings rather than turnover, and managed to boost trading profits last year by 32 per cent. on nil volume growth. Since the first half of 1974-75, margins have risen by a third and should continue to improve as the effect of the new factories at St. Neots and North London are felt. At the same time tighter control of cash flow has enabled the company to reduce its reliance on bank borrowing. The dividend is covered 2.65 times and at 24½p the shares yield 6.3 per cent. Prospects for the current year are overshadowed by the continued recession in process control projects. But it seems likely that the company will at least equal its 1975-76 profits in *the current financial period even* though it is being shortened to nine months to coincide with that of the Swiss parent company.

Wm. Reed earns and pays more

STATED earnings at William Reed and Sons, weavers, converters and merchants of man-made fibres, increased from 6.56p to 7.08p per 25p share during the year ended March 27, 1976 and the final dividend is 1.68125p net for a 2.68125p total (2.4375p).

Turnover was down from £4.37m. to £4.11m. and after lower interest charges of £143,133, compared with £150,198, pre-tax profit dropped from £332,005 to £325,738 after £150,712 (£155,044) in the first 26 weeks.

The year's tax was £133,965, against £174,300 and after extraordinary debits of £111,809, compared with £38,133, the attributable profit dropped from £119,372 to £58,064.

During the year, the group changed its method of valuing stocks to comply with methods recommended by the major accountancy bodies. As a result, revenue reserves increased by £63,000.

Also during the year, certain long leasehold and freehold properties were revalued, resulting in an addition to capital reserves of £203,000 after providing for Corporation tax.

The ultimate holding company is Ferguson Securities.

Avana lifts dividend to 0.75p

A FINAL dividend of 0.45p by Avana Group lifts the total for the year to March 27, 1976, from 0.175p to 0.75p net per 5p share. Treasury consent has been obtained.

In line with the November forecast of not less than £1m., pre-tax profit was £1,007,362, compared with £272,041 for the previous year, after £275,000 (£25,000) for the first half.

Earnings per share for the year increased from 0.54p to 2.29p. The company, cake manufacturers, etc., is a large supplier to Marks and Spencer.

While there are good grounds for confidence in the future, these must be tempered by views of the future performance of sterling. Over half the company's raw materials are imported and prices will move as the value of sterling changes, the directors state.

	1975-76 £	1974-75 £
Turnover	15,019,1[illegible]	15,128,5[illegible]
Pre-tax profit	1,007,362	272,041
Tax	531,137	155,522
Attributable	475,925	116,239

● comment

The dramatic recovery at Avana continues apace and the interim forecast of £1m. pre-tax profit has been met. The increase of 270 per cent. in profits has been achieved on a sales rise of only 19 per cent., despite the difficult conditions in the meat pie and flour confectionery businesses. A hot summer may hinder further progress: not only will sales be affected but the sugar harvest could be spoiled, leading to higher prices. However, the move into fruit juices could provide some compensation. The weakness of sterling is another reason for concern, since half the group's raw materials are imported, but Avana has already shown a flexible attitude in the face of difficulties. After the increase in the dividend, the shares at 19p yield 6.2 per cent. covered 3.1 times.

Extel sees profit rise

THE CURRENT year has begun satisfactorily for the Exchange Telegraph Company (Holdings) and the chairman, Mr. J. L. Harvey is hopeful that an increase in profits will be achieved.

Cash resources are much greater than last year and facilities are available from the group's bankers should they be required, says the chairman. Logical acquisitions are being sought and examined carefully as part of a continuing programme.

As reported on May 28, pre-tax profits for the year to March 31, 1976, increased 54 per cent. from £0.98m. to £1.51m. The dividend is a maximum permitted 4.41p (4.05p).

On a current cost basis, pre-tax profits were £840,000 against £388,000. Earnings per share are shown as 4.2p (1.9p) and net assets per share, 98.5p (93.3p). Historically, earnings per share are 8.2p (5.5p) and net assets per share, 60.1p (56.3p).

Sporting and financial news services contributed £6.56m. (£4.9m.) to group turnover and £480,000 (£404,000) to profits: printing, £7m. (£6.29m.) and £472,000 (£166,000) and other interests, £2.01m. (£1.26m.) and £545,000 (£299,000).

There were three main reasons for the improved results. Burrups, the printing subsidiary, was able to take full advantage of the better climate in the City: Extel Statistical Services showed a marked increase in activity; and Robophone, acquired in September, 1974, produced a satisfactory result in its first year.

Meeting, East Harding Street, E.C., July 22 at noon.

Chairman's statement, Page 24

Town and Commercial approval

Holders of Town and Commercial Properties £20.76m. 6¾ per cent. Convertible Unsecured Loan Stock 1983 yesterday approved an extraordinary resolution allowing non-payment of interest due on the stock to-day.

The stockholders will now have a scheme to defer interest payments until December 31, 1978, put to them not later than September 30, providing agreement has been reached in the meantime with secured creditors. The latter are being offered proposals which involve them taking rents from the properties they are secured on rather than interest payments.

Yesterday's meeting and resolution were necessary to ensure that, while talks with Town and Commercial's bankers continued, holders of the loan stock did not demand immediate repayment, as they would have been entitled to due to the non-payment of interest.

The loan stockholders voted 98.4 per cent. in favour of the resolution. After the meeting Mr. A. J. Hines, chairman, said he would be disappointed if agreement with the secured creditors involved in Town and Commercial's proposals was not reached in a fortnight.

There were 22 banks and institutions involved, he said, this being the total number which were lent on the company's U.K. assets. Agreement had been reached with 17 of these, he said. In the case of four of the remaining, what was left to be agreed amounted only to relatively minor detail.

Crosby House makes £0.37m. tax free

Turnover for 1975 of Crosby House Group expanded from £3.94m. to £5.48m. and profits rose from £318,000 to £372,000. There is no tax this time, compared with £130,000, due to the availability of group relief from the Sri Lanka companies.

Earnings are shown to be up from 25p to 47p per £1 share or at 8.8p (22.3p) excluding Sri Lanka dividends. The final dividend is 5.35p net for a 9.35p (8.5p) total.

	1975 £000	1974 £000
Turnover	5,482	3,941
U.K. and Eire profit	71	250
India profit*	—	47
Divs from Sri Lanka	301	17
Profit before tax	372	318
Tax	—	130
Net profit	372	188
Extra-ordinary debits†	408	85
Preference dividend	4	4
Ordinary interim	31	29
Proposed final	42	33
Carried forward	316	779

In accordance with practice the Sri Lanka companies' results have not been consolidated. Credit has been taken for the dividends from Sri Lanka which were declared but not accounted for in previous years. In accordance with the agreement with the Sri Lanka Government, they are receivable in 1976.

* Sold with effect from January 1, 1975. † Comprise reduction of the book value of the investments in Sri Lanka to the realisable proceeds under the nationalisation agreement as estimated by the directors £461,000, less profit on disposal of the group's interest in India £55,000.

Guthrie looks to recovery

TAKING into account the first four months' results and assuming that economic conditions will not deteriorate during the remainder of the current year, Guthrie Corporation members may look forward to an increase in profits, says the chairman, Sir Eric Griffith-Jones.

The main area of uncertainty continues to be Europe. There is some indication that the corrective action taken has improved prospects of a return to profitability, but there are as yet few signs of recovery in the textile and related sectors either in the U.K. or on the continent.

In North America, business confidence is growing. Mindustrial's first quarter performance, with earnings per share of $C0.26 against a loss of $C0.15, augurs well for the remainder of 1976, and Ajax should have another good year.

As announced on June 10, pre-tax profits last year were £6.1m. (£9.7m.) on turnover of £215.4m. (£149.5m.). Earnings per £1 share were 4.7p (9.4p) and the dividend is 6.5p (11p adjusted) net.

A. E. Jenks & Cattell

On a turnover up from £2.49m. to £2.55m., profit of A. E. Jenks and Cattell decreased from £54,000 to £21,000 in the six months to January 31, 1976, subject to tax of £11,000 (£28,000). Pre-tax profit for the year 1974-75 was £339,426.

The interim dividend is raised from 0.525p to 0.75p net per 25p share to reduce disparity. Last year's total was 1.57637p.

The cash flow is satisfactory and the directors are able to push ahead with the planned capital expenditure designed to increase output and enhance quality, says the chairman.

The company manufactures steel pressings, steel washers, garden and edge tools.

PERCY LANE

Percy Lane Group, makers of factory glazed aluminium window assemblies for the construction, caravan and motor vehicle industries, has formed an autonomous Scottish subsidiary, Planet Windows (Glenrothes).

This will head the planned and phased expansion of the group's aluminium window manufacturing interests in Scotland and give an improved service to architects and builders.

Campari to lift total to 2.5p

PERMISSION has been received from the Treasury for the leisure group, Campari, to increase its dividend from 1.731p to 2.5p for the year to May 31, 1976.

A second interim of 0.584p is declared making 1.904p to date, and a final of 0.596p will be recommended for payment in November.

Excellent performances overseas and in the U.K. were achieved in the past year, the directors state.

Mr. G. K. Benscher, chairman, says the Continental investment is "paying off handsomely and U.K. business is excellent." The economic conditions are encouraging the public to buy more of Campari's leisure products.

Other contributory factors include the reduction in VAT on boats, good sales of the new tent division and the summer weather, he adds.

With all sections on target holders are enabled to share in the success by receiving increased dividends, says Mr. Benscher.

● comment

Campari's share price had been moving strongly of late: over the four trading days to Monday it chalked up a total gain of 8p to 34p. The company now intimates that results for the past year were excellent. Pre-tax profits are apparently in excess of £600,000, recovering all the ground lost over the previous two years and showing a growth of more than 17 per cent. over 1972-73's record. So the Treasury has consented to the big dividend increase on recovery grounds. Campari benefited from a recovery in demand for camping equipment on the back of an extended summer in the U.K. and a strong performance in the Dutch subsidiary. The halving of VAT in April boosted the U.K. performance in the last two months of the year, and the buoyant trend has continued and given the current hot spell further growth should be seen at least in the first half. The prospective yield is 7.5 per cent.

More French BP losses

Ste. Francaise des Petroles BP is continuing to lose money and results for 1976 will be bad unless a sufficient rise in petroleum product prices is allowed later this year, says the chairman, M. Jean Chenevier.

The latest rise granted on May 15 was late and, like those previously allowed in the past two years, covered only the increase in the crude oil price in terms of French francs.

Cost increases arising from the under utilisation of plant and increases in operating costs and financial charges have not been taken into account by the Government, he added.

Demand for the company's products picked up this year but this alone is not enough to return it to profitability. Every effort is being made to improve operating efficiency, he added.

The company, a subsidiary of British Petroleum Co., incurred a net loss of Frs.133m. (nil) in 1975 on a turnover of Frs.10,181m. (Frs.10,603m.).

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
—	F.P.	—	101½	81½	Automated Sec. 10p	91½	−1½	0.66	2.5	10.8	5.6
—	F.P.	—	226½	221½	[illegible]	226½	−1½	49c	—	0.8	—
$10,500	F.P.	—	[illegible]	$9,500	[illegible]	$9,500	.....	—	—	—	—
—	F.P.	—	228½	228	[illegible]	£28½		$1.21	—	4.5	—
—	F.P.	—	51¼	50½	[illegible]	£51½		US1.52	—	2.8	—
47	F.P.	9.7	43	41	Wilson Walton 10p	43	.....	3.15	2.1	11.9	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
£99	£50	26/8	49¾	47¼	Birmingham (City of) 13% Red. Stock 1983	49¼	.....
£100	—	—	102½	100	Debenhams 11% Con. Uns. 1993-8	£100	−½
[illegible]	F.P.	—	[illegible]	[illegible]	[illegible]	$96½	.....
US$100	Nil	—	89¾	899	[illegible] Floating Rate 1985	$99	.....
**£98¾	F.P.	23/7	99¾	98½	Newcastle & Gateshead 8% Red. Pref. 1981	98¼	.....
US$100	Nil	—	101	100	Royal Bank of Scotland Floating Rate 198-	$101	.....
US$100	F.P.	—	100½	99½	Sandvik 9½% Bonds 198-	$100	.....
£95¾	F.P.	25/6	96	94½	Scottish Agric. Secs. 14% Deb. 1995	95½	.....
[illegible]	F.P.	−/7	124	115	Scot. Met. 8% Conv. [illegible]	114	.....
**£98	£1	30/7	101½	101¼	Sunderl'd and S.Shields W'tr 8% Red Pref 1981	101¼	.....

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p	+ or −
115	Nil	—	—	25	15	AAH	15pm	
58	F.P.	18/6	[illegible]	71	64	Beam Group	69	−2
73	F.P.	1/6	9/7	104	[illegible]	[illegible]	102	
35	F.P.	21/6	19/7	40	34	Booth (Int.)	34	
38	Nil	—	—	4	2½	Charterhouse Grp.	3pm	+¼
14	F.P.	16/6	30/7	15½	14½	Coalite & Chemical	15	−½
28	Nil	—	—	4	1½	Downs Surgical	2pm	
140p	F.P.	29/6	28/7	170	153	Dunbee-Combex-Marx	170	
8p	F.P.	25/6	16/7	9½	6½	Elswick-Hopper	8½	
505	F.P.	27/5	2/7	433	[illegible]	Heath (C.E.)	400	
330	F.P.	10/6	2/7	379	348	I.C.I.	352	−4
47	F.P.	—	—	65½	57	Lesney Products	59	−1
57	F.P.	5/5	20/7	71½	61	Lloyd (F.H.)	64½	−2
185	F.P.	28/6	9/7	217	160	Lucas Inds.	212	−3
55	F.P.	11/6	2/7	36½	34	Mallinson (Wm.) & Denny Mott	34	
120	F.P.	11/6	9/7	165	134	Portals	155pm	
21	F.P.	22/6	20/8	24	22¼	Press (William)	22½	
47	F.P.	10/6	25/7	56½	47½	Ransome, Hoffman, Pollard	54	
58	Nil	—	—	5	3½	600 Group	5pm	
62	F.P.	18/6	23/7	35	32½	Tootal	34	−½
$A1.20	F.P.	18/6	—	125	65	Western Mining	122	
60	Nil	—	—	22	25	W.G.I.	27pm	
70c	P.Pd	—	—	61	47	Westside-Burmah	52	

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital, cover based on dividend on full capital. *p* Pence unless otherwise indicated. *u* Forecast dividend: cover based on previous year's earnings. *x* Figures based on prospectus or other official estimate for 1976. *†* Figures assumed. Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. † Rights by way of capitalisation. Tender allotment price. ♦ Reintroduced. Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. Allotment letters (or fully-paid). Provisional or partly paid allotment letters. ‡ With warrants. After suspension.

Hambros active role in shipping

THE NORWEGIAN Government's guarantee scheme for unemployed ships is "a far-sighted and effective means of protecting what are in most cases modern and highly efficient assets," Mr. Jocelyn Hambro comments in his annual statement as chairman of Hambros.

For the first time, the Hambros banking group has had to bear a significant loss on its shipping finance: as already announced, it has met an exceptional loss of £4.3m. after tax relief by transfers from inner reserves.

Mr. Hambro says that where applicable the company has written down the principal amount of its outstanding loans to the values for which interest is guaranteed. This action has been based on the assumption that, within the duration of the guarantee scheme, the ships involved will be re-employed and again able to cover loan interest and debt repayment at written down levels.

"The scheme has therefore enabled both owners and bankers to continue to regard laid-up ships as on-going business assets," the chairman says. He adds: "We play and intend to continue to play an active role in the restructuring and future of a business which has been of great importance and profitability to our bank for most of this century."

Commenting on 1975 the chairman says the most significant event for the group and its future was the special relationship forged with Prudential Insurance Co. of America.

The Prudential subscribed $25m. of new loan capital and acquired by market purchase just under 10 per cent. of the bank's equity.

"Every aspect of this relationship is constructive and positive."

Since the year end, the company has begun, in earnest, decentralising many of the head office departments from the city to new purpose-built offices in Brentwood.

On overseas banking, the directors expect a further improvement in Ordinary earnings for 1976.

As to domestic banking and investment, the chairman refers to the City's record of raising well over £1bn. of new capital through Stock Market issues in 1975, in which Hambros participated fully.

"The fact is that we and other banks are keen and ready to raise capital and lend money to industrial clients for good projects."

That industrialists themselves may be hesitant to invest reflects not so much a failure by the City to provide the funds as their own lack of confidence in the environment in which they have to operate, says Mr. Hambros

As known group pre-tax profit, before extraordinary items, increased from £3.1m. to £5.2m. in the year to March 31, 1976.

Meeting 41, Bishopsgate, EC, July 22, noon.

Chairman's statement, Page 25

See Lex

Outlook at Metal Box

EFFORTS TO increase efficiency continue at Metal Box says the chairman Mr. Alex Page and since the start of the year there are signs that these efforts are proving successful.

In the past few months home demand has been firmer and this should continue in the immediate future. It is difficult to predict the performance of the economy in the second half Mr. Page tells members but customer stocks are no longer at last year's high levels.

Overseas, the signs too are more encouraging. Much depends on the continuation of political stability in Africa and in some of the other territories he adds.

Capital expenditure outstanding at the year end was £20.8m. (£28.4m.) including commitments of £14.2m. (£23.8m.). Adequate finance is available, say the directors.

As reported on June 9, turnover rose from £455.59m. to £524.49m. in the year to March 31 but pre-tax profits slipped from £36.7m. to £33m. The dividend is 12.1p (10.2217p) net. The value of exports increased by 26 per cent. to £31.5m.

Preliminary estimates of pre-tax profits on a CCA inflation adjusting basis show a reduction of £25m. to £8m.

Meeting, the Dorchester, on July 22 at 12.30 p.m.

Chairman's statement, Page 22

Invergordon Distillers well placed

Invergordon Distillers (Holdings) has, in the main, completed the modernisation of all its six distilleries, and is well situated to take full advantage of an upturn in world trade, reports the chairman, Mr. L. Roydon.

Although some further increase in profits is expected again during the current year, the Scotch whisky industry is so heavily export orientated that until the general recession throughout Europe abates and with it some of the restrictions imposed by governments on the import of Scotch whisky it is not expected that turnover or margins will increase substantially, he tells members.

As reported on June 18, pre-tax profits rose from £1.41m. to £1.53m. in the year to March 31, 1976, on turnover of £10.69m. (£11.82m.). The dividend is the maximum permitted 1.84430p (1.7p) net.

On July 1, 1975, Pentland Bonding Company and Pentland Bonding Company (Property) were acquired, adding a modern bottling plant to group facilities. The Bond is expected to make material contributions to profits in coming years, says Mr. Roydon.

The ultimate holding company is London Merchant Securities. Meeting, Glasgow, on July 21 at noon.

Staflex to consolidate this year

On the evidence of the first quarter results of Staflex International, the chairman, Mr. I. N. Bellow, believes 1976 will provide a further increase in turnover and profit.

The current year is one of consolidation necessary to secure the full benefits of factory reorganisations and existing diversification into trading, nonwoven manufacture and new markets. Opportunities should also be available, especially overseas, for increased profitability, he adds.

As reported on June 8 group pre-tax profit for 1975 was £1,954,697 (£1,893,860). Control of working capital received top management priority. Group stocks at the end of 1975 showed a small reduction.

Rationalisation of premises in Holland and the U.K. was duly completed. A major relocation of production facilities was carried out in the U.K.

Total expenditure resulting from major moves was some £3.3m. of which approximately £900,000 was spent on buildings. The balance of approximately £2,400,000 gross expenditure has been treated as an extraordinary item, with 30 per cent. written off in 1975 and the remainder to be written off over the next four years.

The major part of the group's activities are overseas and in the case of the interlining division this overseas element now accounts for 73 per cent. of turnover and over 90 per cent. of profit.

Meeting Abercorn Rooms, E.C., July 23, noon.

Warnford Investments

Two city properites of Warnford Investments, Salisbury House and Warnford Court, have been affected by the reduced demand for offices in that area and the consequent drop in rental values. But rental income from them is increasing steadily as old leases expire even though the rate of increase may be somewhat slower than was anticipated two or three years ago.

It is considered prudent to continue to refurbish and modernise these and other properties and to maximise the rents derived from them, the directors state.

There are some indications that rental values may no longer be falling and that the demand for offices is increasing. As the company now has space available for letting, it is well placed to take advantage of any improvement.

As reported on June 22 group pre-tax revenue for the year to December 25, 1975 was £1,395,342 (£1,216,236), an dthe dividend is 4.356p (3.96p) net.

Co-operative Insurance owns 10 per cent. of the capital.

Meeting, 20 Aldermanbury, E.C., July 29, at 3 p.m.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration of the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Pegler-Hattersley Ltd.	Doncaster	£2,821,477	31. 3.76
East Midland Allied Press Ltd.	London EC4	£241,994	27. 3.76
Teacher (Distillers) Ltd.	Glasgow	£665,861	31. 1.76
Carless, Capel & Leonard Ltd.	London E9	£454,948	31. 3.76
Gordon Johnson-Stephens Holdings Ltd.	Bristol	£145,169	29. 2.76
Staflex International Ltd.	London NW11	£629,343	31.12.75
Harrisons & Crosfield Ltd.	London EC3	£3,296,768	31.12.75
Pecbow Holdings Ltd.	Sandwich	£666,709	31. 3.76
Metal Box Ltd.	Reading	£10,689,936	31. 3.76
Wedgwood Ltd.	Stoke-on-Trent	£1,280,876	3. 4.76
Electronic Rentals Group Ltd.	Weybridge	£1,967,898	31. 3.76
Triplex Foundries Group Ltd.	Tipton	£440,701	31. 3.76
R Paterson & Sons Ltd.	Glasgow	£222,120	27. 3.76
Lankro Chemicals Group Ltd.	Manchester	£449,723	29. 2.76
Edgar Allen Balfour Ltd.	Sheffield	£1,106,175	27. 3.76
MK Electric Holdings Ltd.	London N9	£873,272	27. 3.76

Published by the Treasury as required by the above Act.

Kenning Motor down to £1.56m. at midway

PROFITS before tax of the Kenning Motor Group were down from £1.6m. to £1.56m. in the half-year ended March 31, 1976. Turnover amounted to £76.1m. against £69.3m.

In his annual report for 1974-75, the chairman, Mr. G. Kenning said that results for the first half-year would be less, but the group's liquid position was good.

Basic earnings per share for the first half are 3.2p (3.3p) and 2.9p (same) fully diluted. The net interim dividend is held at 1.3p—the total last year was 3.378375p from pre-tax profits of £3.64m.

The diverse nature of the group's activities proved a source of strength, the chairman says. However, motor depots showed a fall in profits due to an acute shortage of vehicles. Services and parts were unable to maintain their previous level of profitability due to cost increases.

Currently vehicles are still in short supply, but volume is improving. Tyres continue to do well and most other activities show signs of improvement.

	Six months 1975-76 £000	1974-75 £000
Turnover	76,109	69,300
Depreciation	1,868	1,614
Overdrafts interest	19	19
Loans interest	16	20
Other interest	302	320
Interest received	65	191
Profit before tax	1,564	1,601
Taxation	556	391
Net profit	708	720
Minorities	6	6
Attributable	702	714
Dividends	305	301
Retained	397	413

Turnover of the subsidiary, Kennings Estates, increased from £512,000 to £693,000 and profit was £729,000 against £503,000 before tax of £385,000 (£275,000).

comment

Kenning Motor has shown considerable strength for the sector with only a 2 per cent. drop in interim pre-tax profits. At the trading level Kenning is actually above last year before higher depreciation and lower short-term interest charges. New car trading has obviously been difficult and the supply position from Leyland has made it more so, but it is the ancillary operations from which Kenning can draw its strength. Tyre sales have been buoyant, and car hire has been busy—though, as with parts and servicing, margins are still under pressure. Nevertheless, Kenning's statement on the rest of the year sounds reasonably encouraging, and would seem to indicate that full-year profits will not be materially different from last year's £3.6m. With a market capitalisation of £10.2m., Kenning is one of the majors in the sector, and the shares should find plenty of support at 48½p where the yield is 11 per cent. and the p/e 6.2.

Winding-up orders

Orders for the compulsory winding up of 35 companies have been made by Mr. Justice Templeman in the High Court. They were:

Gilbert Healing, Country Hostelries (R. D. Yates), C. E. F. Transport Anderson Mason (Builders), Beeline Interiors, Early Bird Travel, Rackcliff and Company (Stove Enamellers).

Property and Building Maintenance, Growth Area Holdings, Structural Properties, Metrocom Properties, John Bayes Removals, Jeff Elbur, Breamcrest Properties.

Kellport, Kenton Homes (Holdings), Park Road Flats, Racebridge, Wallbrook Enterprises, Crestbrook Securities, J. Maxwell Textiles.

Arcadia (General Merchants), Byron Crescent Properties, World Wide Household Products, Don Rawlins, Pardents Transport, Mastpeak, Transvision Leasing.

Sussex Surfacing, Arunta International Company, Tuckers (Newhaven), Madgical (Fashions), Simon Barry (Separates), Fourways Press (London), and Atlas Plating Works.

R. Toothill expands to £0.3m.

TURNOVER OF furniture manufacturers, R. W. Toothill, increased from £2.18m. to £3.77m., excluding VAT, and pre-tax profit advanced from £159,627 to £303,868 in the year to March 31, 1976. When reporting first half profit up from £19,005 to £177,862 the chairman, Mr. E. R. Hall, foreshadowed a "substantially improved" result for the year.

Earnings per 25p share advanced from 10.16p to 21.17p, and the dividend is stepped up from 3.78875p to 4.129p net with a final of 2.87775p.

There is currently a marked reduction in retail sales of upholstery which is making trading conditions difficult, says the chairman.

However, the directors are continuing with the planned capital expenditure programme and have contracted for new equipment to a value exceeding £100,000, in addition to the expenditure shown in the accounts fo rthe year.

	1975-76 £	1974-75 £
Sales	3,767,750	2,181,488
Depreciation	69,297	51,650
Pre-tax profit	303,868	159,627
Tax	155,710	86,380

Savings bonds conversion offer

The Treasury announces that a conversion offer will be made to holders of 7 per cent. British Savings Bonds (Second Issue) purchased in the period May 3, 1971, to November 1, 1971. These bonds will mature on November 1, 1976, and are repayable on application at £103 per cent. upon maturity.

Holders will be invited to exchange their holdings into 8½ per cent. British Savings Bonds (Fourth Conversion Issue) which will be repayable on application at £104 per cent. on maturity.

The terms of these new bonds will be the same as the 8½ per cent. British Savings Bonds (Jubilee Issue), which will be on sale from August 2.

Grendon chief defends

The chairman of Grendon Securities, Mr. David Donne, has replied to a letter sent out last week-end to holders of Grendon's 11 per cent. Unsecured Loan Stock by Mr. David Moate (a holder himself of £21,000 of the stock) which called for the rejection of the proposals to redeem the stock.

Mr. Donne's statement mentions that certain of the proposals put forward by Mr. Moate were considered by the Board prior to sending out the offer and that it was "therefore regrettable that Mr. Moate chose to publish this letter without prior discussions with the company whatsoever."

Referring to Mr. Moate's recommendation that Keyser Ullmann, which has a large commitment in Grendon, should pay out the full £100 per £100 of stock, against the £40 proposed, Mr. Donne states that this is "theoretically attractive: but in practical terms is quite unrealistic."

Mr. Moate stated in his letter that, "personally I consider the whole affair financially unwholesome and that the company should be put into liquidation if we are not properly treated." The chairman argues, however, that the letter does not change the choice available to shareholders which is the certainty of a fixed sum now or the uncertainty of the proceeds of a prolonged and costly liquidation. It has already been stated that on a forced sale basis loan stock holders could expect £35.

Mr. Donne concludes his Press statement by stating that "I regret Mr. Moate's circular letter, as in my opinion, with the introduction of personal vituperation, it does no more than confuse the very real and difficult issues."

Support for the proposal, which is to be put to an EGM on July 19, has still not received the approval of the two principal holders, Morgan Grenfell and Robert Fleming, on behalf of the liquidator of London Indemnity and General.

MINING NEWS

The mineral strength of South Africa

BY KENNETH MARSTON, MINING EDITOR

ALTHOUGH 1976 bodes to be another year of low economic growth for South Africa whose mining industry suffered in 1975 from low metal prices, rising costs and a shortage of black labour, Mr. R. S. Lawrence of the Barlow Rand group expects "mining to be once again the leader in the revival of our economy."

In his presidential address to the Chamber of Mines of South Africa he says that despite last year's problems, the value of the Republic's mineral sales rose 5.2 per cent. to over R4bn. (£2.6bn.) for the first time. A major factor, however, was the beneficial effect on rand earnings of the 17.9 per cent. devaluation of the rand against the U.S. dollar in September.

Working profits of South Africa's gold mines last year fell by 16 per cent., largely because of the increased working costs. Mr. Lawrence points out, however, that demand for the metal for jewellery and other industrial uses rose to 721 tons from 454 tons.

He adds that this trend is gathering momentum while a steady demand for gold has begun again from investors and hoarders in the Far East. There are also signs of increasing sales in the Middle East and the U.S.

He comments that there has been a recent firming in the market for platinum as consumption increases and inventories are rebuilt. Demand is also rising for diamonds, notably for certain qualities of the larger gems, while South Africa's coal industry is enjoying an expanding export business.

Mr. Lawrence anticipates a steady increase in South Africa's uranium output in the years ahead to possibly more than the 6,000 tonnes peak annual figure reached in the late-1950s and he comments on the upward price revisions of the existing supply contracts which are being renegotiated by Nufcor, the industry's marketing organisation.

South Africa's strength remains as ever, in its great store of mineral wealth. The mining industry, however, still has to cope with labour problems, for example the attitude of the white artisans Federation of Mining Unions which was not prepared, as was the Mine Workers' Union, to accept a degree of black advancement in return for a five-day working week. More serious problems arise on the broader political front, of course, but South Africa need not necessarily find them insurmountable.

STEYN'S VIDEO DEAL TERMS

The apportionment of the shares to be issued by South Africa's President Steyn under the scheme for the gold producers expansion into the Video ground is now announced.

Of the 396,400 President Steyn shares to be allotted in exchange for the ground, 283,200 (50 per cent.) go to Sentrust; 141,600 (25 per cent.) go to Lydenburgh Platinum; 134,520 (23.75 per cent.) go to General Mining; and 7,080 (1.25 per cent.) go to Spence and Weedon. President Steyn were 680p yesterday.

Tin from Cornwall

FULL PRODUCTION sometime this autumn is forecast for the new Mount Wellington tin mine in Cornwall by the president of Canada's Prado Explorations, Mr. Stephen Kay. The latter company has a 50.7 per cent. stake in America's Cornwall Tin and Mining Corporation (of which Mr. Kay is also president) which in turn has a 49 per cent. holding in the U.K. operating company Cornwall Tin and Mining. The remaining 51 per cent. of CTM is held by Switzerland's Excomm.

Mr. Kay reckons that the total debt of the project, around $13m. (£7.56m.), will be paid off in the first two years. At peak production, some 200,000 tons of ore a year will be mined to produce 6,000 tons of tin concentrate which is already committed to a Liverpool smelter, via a three-year contract at London Metal Exchange prices.

CTMC will receive 75 per cent. of the price and the smelter the remaining 25 per cent. Mr. Kay is optimistic about the continuing upward trend in tin prices. A 900 tons per day mill has already been tuned up and is awaiting ore from underground development which has been delayed by faulting.

Just across the other side of the Carnon Valley from the Mount Wellington mine is the already established Wheal Jane tin mine of Consolidated Gold Fields. At the turn of the year Wheal Jane was understood to be losing in the region of £100,000 a month owing to increasing costs, poor ore grade and the low level of the LME tin price which was then around £3,050 a tonne.

It has since risen to some £4,400 a tonne which should make Wheal Jane profitable once again, although the size of the profit will be governed by to what extent, if any, the ore grade has been improved.

Also involved in the Cornish tin mining industry is Saint Piran which reports net attributable profits for the year to last March of £179,280 compared with £210,019 for the previous year. Even so, the single dividend payment is raised to 1.25p net a share from the 1974-75 distribution of 0.825p from earnings per share of 3.51p as against 3.60p. Saint Piran were 37p yesterday.

INCO INDONESIA NEARS START-UP

The new Indonesian nickel plant of Inco is to be officially opened in January, but it is expected to start up as planned in the autumn of this year. First stage nickel production at a rate of 16,000 tonnes a year is expected to be reached in 1977 and mos of this output is committed to Japan for the first 15 years of operations.

Second stage production in 1978 will lift annual output to 45,000 tonnes of nickel. The overall cost of Inco's Indonesian lateritic mining venture is now put at $835m. (£470m.) compared with the earlier anticipated $650m.

MENTOR'S ADDED DIVERSION

"A most interesting added diversion for this predominately gold-oriented enterprise," is how Mr. Paul Penna, president of Canada's Mentor Exploration and Development describes his company's plans to drill uranium claims held in the Elliot Lake district of Ontario.

The property, which lies near the Denison operations, was acquired during the uranium boom of the late 1950's and only one borehole was drilled. In the light of the revived demand and prices for uranium Mentor proposes to spend some $100,000 on drilling a deep hole. The company's major investment is a stake of 8.8 per cent. in Agnico-Eagle Mines of which Mr. Penna is also president.

BIDS AND DEALS

Furness holding changes hands

Hambros Bank has sold its 8 per cent. holding in shipping group Furness Withy to FW's financial advisers, bankers Rea Brothers, who in turn have placed the 2,193,368 shares among clients and institutions. This increases Rea Brothers' already substantial, but undisclosed, holding in Furness Withy, which has as another major shareholder Eurocanadian with 24.9 per cent. of the capital.

No details as to the price paid by Rea Brothers for the new block have been released, but at last night's closing price for Furness, 189p, up 1p, the deal would be worth £4.15m.

The Hambros stake was thought to have changed hands once before, to Eurocanadian, a private shipping company with Swiss and Bermudian connections and with heavy backing from Canada. But the transaction never took place and it was announced last December that Eurocanadian's stake was 20.6 per cent. and not 28.8 per cent. as previously announced.

The Monopolies Commission is currently looking into Eurocanadian's shareholdings in Furness Withy and Manchester Liners, FW's 62 per cent.-owned subsidiary. Eurocanadian has given an undertaking that it will not increase its stake in Furness Withy to above 25 per cent. until the Commission's report is out of the way.

CLARK & FENN

Following the acquisition of control of Clark and Fenn by Trafalgar House Investments, Trafalgar has agreed that shareholders of Clark and Fenn may receive the increased final dividend of 3p net per share which their directors have stated would be recommended in respect of 1975.

The directors of Clark and Fenn are also recommending minority shareholders to accept Trafalgar's offer.

KODE INTERNL.

The official document containing details of the offer for Moore Reed by Kode International has been sent out to shareholders. Moore Reed was bought from Newman Industries as from January 1, 1976.

The price is £365,846 of which £290,846 was paid on completion and the balance of £75,000, on which no interest is payable, will be paid in three equal instalments on the first, second and third anniversaries of completion. The funds are expected to come out of existing resources and from borrowings.

In addition, £400,154 was paid by Kode to Moore Reed on completion and utilised by MR in repayment of borrowings to the former parent.

Kode's auditors, Peat Marwick, have compiled figures for the last six accounting periods up to the end of December, 1975, subject to the qualification that stock sheets were no longer available prior to December, 1973. Profits before tax in 1975 amounted to £2?,000 compared with losses in the five preceding accounting periods.

MAYBROOK

The offer by Croudace Holdings for the Ordinary capital of Maybrook Properties other than the 55,000 Ordinary already held, has met with acceptances in respect of 3,958,153 Ordinary shares (97.56 per cent.).

The offer has become unconditional and remains open.

BOUSTEAD

Boustead and its wholly-owned subsidiary Edward Boustead have sold their holding of 1,527,713 stock units of 50 cents each in Boustead Holdings Berhad (BHB) to a Far Eastern banking institution for a price equivalent to approximately £1.4m.

The holding of BHB stock units represents some 10.2 per cent. of BHB's present capital and represents substantially the whole of the investment held in BHB by the Boustead Limited group. BHB is a Malaysian listed company and holds some 23 per cent. of the capital of Boustead.

DAVID WHITEHEAD

Anglo-Ceylon and General Estates announces that on June 28 acceptances of its offer for all the Preference shares of David Whitehead and Sons have been received in respect of 189,752 shares, 88 per cent. of such shares.

The offer has been declared unconditional and will remain open.

Should valid acceptances be received in respect of over 90 per cent of the shares, Anglo-Ceylon intends to acquire the balance compulsorily.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Du Pont plans petrochemical partnership with Arco

BY JAY PALMER NEW YORK, June 29.

DU PONT disclosed this morning plans to build a massive new petrochemical plant in partnership with Atlantic Richfield. The plan, the result of negotiations which began last year between the two companies, represents Du Pont's most ambitious attempt to integrate backwards into raw material supply.

The proposed facility, which will be 50 per cent. owned by subsidiaries of both companies, will be sited in the Texas Gulf area. Construction is expected to start in 1978 and, by the time it is completed in 1981, to cost at least $1bn.

Present plans call for the operation to consume over 100,000 barrels of crude oil every day as a raw material. Although the ultimate end-product mix has not yet been finalised, it will produce over 1bn. pounds of ethylene a year as well as lesser amounts of other basic chemical building blocks for man-made fibres and plastics.

Accelerate

Until recently, Du Pont's strategy involved production of premium added-value chemical goods with little or no diversification into raw material supply or retailing. However, in 1974 and to a lesser extent in 1975, the company encountered serious financial problems as a result of raw material suppliers inability to fulfill contracts and sharply higher costs for those same materials.

As a direct result the company publically announced a change in policy to accelerate its backwards integration. With more than 70 per cent. of its proudct lines depending on raw materials derived from crude oil or natural gas, the company made no secret of plans to expand into this field.

Under present plans, both Du Pont and Arco will operate the new venture as an "arms-length" subsidiary—that is no direct head office control—to avoid anti-trust problems. Arco will supply the crude oil, ultimately from its Alaska production, to the subsidiary at going market rates under long-term contracts.

The production of the new venture—which in addition to ethylene will include propylene, butadiene, benzine, toluene and xylenes—will be committed to the two parent companies under long-term contracts at going market rates. While Du Pont has said that its share of supply will be used internally by the group, Arco plans to sell its in the open market.

Du Pont to-day emphasised that its share of the total output of the new venture will represent less than one-third of its projected total requirements for oil-derived petrochemicals. Although the company acknowledged that its close ties with Arco could result in its buying that company's share of the output, it stressed that it will remain a substantial market purchaser from other sources.

Realities

Refusing to discuss any financing details of the new venture, a Du Pont spokesman said that the venture reflected "the realities of the times. We need the added security of ensured supply and price stability in raw materials to support planned growth."

Our Industrial Staff writes: The severe shortage of raw materials which affected Du Pont in 1974 caused the company to re-think its policy on "backward integration," or investment in its own raw material production. Traditionally Du Pont has tended to steer clear of such investments, preferring to concentrate its efforts on products with a high-added value where the company's technical and marketing strengths could be used most effectively.

Selective

Last year, however, the company announced its intention to take special measures to assure sources of supply, including "a selective programme of backward integration." Since then three important moves have been announced.

The first was a joint venture with National Distillers and Chemicals to produce carbon monoxide and synthesis gas. The second was the proposed investment with Atlantic Richfield, which was confirmed yesterday.

The third was a letter of intent to acquire Shenandoah Oil, an oil and gas producing company based in Fort Worth, Texas. Du Pont's interest in this company wkas reported to lie less in its existing oil and gas reserves, which were small in relation to Du Pont's feedstock needs, but in its exploration capability. The implication was that Du Pont was willing to invest substantially in exploraton (particularly for natural gas) in order to safeguard its raw material supplies in the future. An obvious parallel is the investment which ICI is making in the North Sea.

Goodrich threatens to pull out of Holland

BY MICHAEL VAN OS AMSTERDAM, June 29.

THE U.S. Goodrich Tyre and Rubber Products Company is to resume negotiations with Dutch Economics Minister Mr. Rudi Lubbers in the Hague, probably early next week, to discuss the future of most of the company's Dutch operations—namely the general products division and the tyre division. Employing nearly 5,000, and accounting for some Fls400m. of sales annually, these activities are expected to suffer a loss of "at least Fls16m." this year, having accumulated losses of Fls20m. in 1974-75.

The U.S. company has already threatened to close down its Dutch-based company, B. F. Goodrich-Europe, should, as a spokesman put it to-day, no satisfactory agreement be reached with both the "government and the unions which also persist in preventing it from carrying out its earlier-announced drastic restructuring plan" and "blame the local management" for its problems.

Surprise

In a surprise announcement, the company added that it was prepared not only to close down, or sell off, its general products division, where 2,800 people are employed, and for which the reorganisation plans had been drawn up earlier this year, but now also the tyre division (1,500 jobs). It said there was an over-capacity situation in the European tyre industry until 1980 and it was prepared to pull out there, too, should present developments make longer-term presence unattractive.

The spokesman said that the company wanted to carry out its restructuring programme, which would mean a net loss of 500 jobs, and was aiming to cut its full ownership to a minority interest. Goodrich could thus continue to be represented in management, marketing and sales strategy.

But the Economics Ministry, says Goodrich-Europe, was only prepared to take a one-third stake in the general products division. The Ministry's proposals included assistance in the form of loans and grants, restructuring proposals and "Government influence on the day-to-day management" of the operation. Goodrich responded that the Government was, in common with the trade unions, not prepared to accept its restructuring plans, which had been worked out with a series of outside consultancies; that it had offered "far too low a payment" for a one-third interest only; and that, again in common with the unions, the Government wanted a say in the management while being only a minority shareholder. This was rejected by the company, which added that if that was how the Economics Minister was to handle the situation, it would rather pull out of Holland altogether. It had also added that the restructuring plans proposed by the Economics Ministry "would not assure long-term viability of the enterprise."

Mr. Lubbers: after Nederhorst, Goodrich

The negotiations do not include the B. F. Goodrich Chemical (GIAGO) operations in Holland.

Goodrich's chemical operations were already established in Holland prior to 1971, when the U.S. company acquired Holland's only tyre company, Vredestein, after a fierce takeover battle with its U.S. arch competitor Goodyear. Both companies badly wanted to establish a foothold in the Common Market. A spokesman for Goodrich-Europe, the new name for Vredestein, explained in its Loosduinen head office near the Hague today that as a result of the takeover battle, which focussed on the Vredestein tyre operation at Enschede, it had been forced to take over all the shares of the company. The Goodrich company's general policy, he added, was the acquisition of minority interests only. "An added attraction is that national companies were rather less likely to be left unprotected by Government officials in case of, for example, cut-throat tyre price battles."

Reports from the Economics Ministry in the Hague suggest that there is no easy way out, but that the Government has indicated it would try to save as many jobs as possible. But it continued to reject what it generally described as the "lame duck policy" in that it would refuse to give financial support for a company for which no healthy, be it longer term, commercial future was assured.

The Ministry has said in a statement that in the past few months, it had tried to find a solution with Goodrich aimed at keeping to a minimum the "very negative consequences" which the Goodrich plans would entail for employment at Heveadorp and Maastricht. It added that "the character of these talks has changed recently" since Goodrich has now announced its intention to withdraw completely from the Netherlands or in any case that it was not prepared to maintain a majority participation in the country unless the earnings capacity of the company be re-established "and the financial burden be shared with others." As a result of this very recent development, "a completely new situation has been created," the Ministry added.

Realistically, however, the Ministry also admitted that while it may be possible to continue a substantial part of the employment, this would not be possible for all of the near 5,000 employees. As far as other possible interested parties are concerned, speculation that the state-owned Dutch chemical group, which is diversifying extensively, was interested were officially rejected by that company.

Union views

The trade unions have said that the Goodrich announcement of the possible withdrawal has come as a shock, but not as a great surprise. They have maintained for some time that the predominantly U.S. management was to blame for many of the Dutch company's difficulties and that the U.S. parent company was no longer interested in injecting fresh capital into its activities here. The Economics Ministry has warned in its statement on the situation that at this stage, it was of "utmost importance" that the possibilities for maintaining most of the jobs would not be impaired by "actions, of whatever kind." This follows trade union statements that they were prepared to start industrial action at the U.S. Goodrich company's Dutch operations, adding further pressure in what has also become a politically difficult problem for the authorities.

Anic finds more losses for 1975

By Anthony Robinson ROME, June 29.

AFTER SEVERAL attempts to work out the real level of losses sustained by Anic, the chemical operating company of the State controlled ENI group, the new Board appointed after the resignation of the former chairman and managing director six weeks ago has reported a 1975 loss of L37.1bn. compared to the L21bn. loss reported by the previous administration.

Contrasting views over how to present the annual report were the external signs of a top level power struggle within the company.

Last year's loss was on 9 per cent. lower turnover of L595bn., a figure which reflected last year's recession in the chemical industry. Over the first five months of 1976, however, the company reports turnover up 24 per cent. to L312bn.

The Board decided to cover the loss by drawing from reserves and decided not to pay a dividend. In 1974 Anic paid a L60 dividend after closing the year in balance without either a profit or loss.

Bayer dividend

BAYER will not hesitate to raise its dividend in 1976 if its earnings position continues positive this year, chairman Herbert Gruenewald told the annual meeting.

Bayer cut its 1975 dividend to DM7 from DM8.50. Reuter reports from Leverkusen.

Rhone Poulenc textile investment plan

RHONE POULENC Textiles said it plans to invest substantially on rationalisation and product improvement, particularly in synthetic fibres. However, no financial details were given, Reuter reports from Paris.

This is despite a slower recovery in the textile sector than in other activities. Tonnages have increased, but selling prices are still too low, it added.

General Mills record

GENERAL MILLS preliminary estimates for the 53 weeks ended May 30, 1976 show earnings reaching $100.5m., an increase of 31.9 per cent. from the $76.2m. earned in fiscal 1975, a 52-week fiscal year. This represents earnings per common share and common share equivalent of $2.04, a gain of 28.3 per cent.

Sales increased 14.6 per cent. to $2.645bn. and the dividend is 19 cents per share, an increase of two cents from the previous quarterly rate.

Michelin scrip

CIE GENERALE Des Etablissements Michelin said it will distribute in October one free share for every 10 previously held, Reuter reports from Paris.

Henkel forecasts

WORLD GROUP turnover for Henkel KGAA should rise between eight and 10 per cent. this year while earnings should be similar to 1974, Chief Executive Konrad Henkel said.

In the first five months of this year, group turnover was 10 per cent. higher, with sales abroad (up 22 per cent.) improving much faster than domestically (up five per cent.).

Henkel bases its hopes for higher sales on the chemical and technical product sector where turnover has risen 20 per cent. and capacity use 30 per cent. so far this year.

Kraftwerk Union optimism despite poor profits outlook

BY NICHOLAS COLCHESTER BONN, June 29.

WITH EIGHT German nuclear power projects delayed because of difficulties with the construction permits, and after losing five hoped-for overseas contracts in the first six months, Kraftwerk Union, the flagship of the West German nuclear industry, is resigned to existence at or below the break-even point for the rest of this decade.

Yet despite this sobering business outlook, and a loss of DM44m. for 1975, the management conveyed a sense of optimism, particularly on the engineering front, in its press conference reviewing the past year.

KWU, jointly owned by Siemens and AEG-Telefunken, has put the problems it inherited at its birth behind it and now has proven products: its problem is selling them in a nervous and highly political nuclear market.

Business event

KWU's business event of 1975 was the signing of the German-Brazilian nuclear co-operation agreement. This involved the company in a number of ways but most importantly in the construction of up to eight nuclear power generating blocks of the Biblis type, involving a steadily growing share of Brazilian components. This, together with the German government's investment subsidy, boosted the company's order intake to DM8.3bn. in 1975 compared with DM3.7bn. in the previous year. At the end of the year the company's order book totalled DM19.8bn. or some DM30bn. if letters of intent are taken into account.

It is a measure of the long lead time of nuclear contracts, and of the new difficulties in getting official go-aheads for nuclear projects, that KWU's turnover last year was only DM1.5bn. Next year sales should be up to DM3bn., but this will still be below the "theoretical turnover"—arrived at by dividing the DM30bn. order book by an average power station construction time of six years.

Permit period

The initial permit period for a German power station has risen from one year to between 1.5 and two years, while increasingly rigorous technical checks and fail-safe complexity have increased the average construction time from four years to six.

This development is cited as the main reason for the delay in KWU's progress towards profitability. The situation has not been helped by the loss of five hoped-for foreign contracts so far this year. Two were for the ill-fated Konigsberg project in Western Russia, which collapsed because of the problem of bringing electricity to West Germany and Berlin across East Germany. One was for South Africa and was lost because of the West German government's tough attitude towards the South African regime. The remaining two were for Sweden and Switzerland where the contracts were finally awarded to the respective home-based nuclear industries. Together these contracts would have been worth about DM7bn.

Kraftwerk Union's engineering successes during 1975 were the handing-over and subsequent success of the first 1200 MW Biblis nuclear generator—the second is coming up to full-power at the moment—and the handing-over of the Wuergassen power station after nine years of problem ridden construction. This power station was inherited originally from AEG-Telefunken. 1975 was also the year in which KWU could claim to have finally mastered the art of building big, power-generating gas turbines.

Technical blow

The technical blow of the year was the bursting, during test, of one of KWU's 1200 MW Biblis-type rotors. This loss of a major component had a considerable adverse impact on the company's final result.

As for KWU's two shareholders, the chairman, Klaus Barthelt, suggested that they would have concluded their protracted discussions over the future of AEG's holding by the end of this year. It now seems almost certain that AEG, which is itself going through a difficult phase, will sell 25 per cent. of its 50 per cent. stake in KWU to Siemens—giving the latter 75 per cent. of the company. The thorny problem remains: the losses that KWU was saddled with as a result of fixed price contracts that AEG contributed to KWU when it was founded in 1969.

Bally counters takeover move

BY JOHN WICKS ZURICH, June 29.

AN ANONYMOUS group has been attempting to gain a controlling influence in the Bally shoe concern, according to a statement made at a Zurich Press conference by Walter Heiniger, president of the holding company, C. F. Bally AG. Neither the identity nor the intentions of this group were sufficiently known to Bally, said Heiniger, men of straw being used on a large scale to buy shares. It was an open question whether foreign interests or a wholly Swiss group was involved.

Bally repeats that it is engaged in no negotiations with a view to a take-over and says it is Board policy to keep the company in the hands of a large number of Swiss shareholders. To counter the attempts of the mystery group, the Bally board announces that it has made use of its right to refuse to enter certain share purchasers into the list of registered shareholders. That could mean that at the company's July 7 annual general meeting, persons who have disposed of their shares still have voting rights, a fact which Heiniger confirms could give rise to a legal dispute.

An unnamed Zurich lawyer and shareholder is to call for an amendment to the statutes at the AGM which would mean that only foreign persons or foreign-controlled groups could be refused entry in the stock register. This motion, which will be opposed by the Bally Board, indicates that stock-exchange rumours are correct to the effect that Swiss interests are aiming for the controlling interest. At present, Bally's capital consists of 90,000 registered shares of Sw Frs.500 nominal value, of which over 90 per cent. are Swiss-owned, and 18,000 bearer shares.

Schwechater keeps dividend

BY PAUL LENDVAI VIENNA, June 29.

SCHWECHATER, Austria's leading brewery, is maintaining its dividend at 10 per cent. for 1975 but reports a 2 per cent. increase of output to 1.2m. hectolitres of beer. Net profit was Sch.15.9m. (£0.5m.) as against Sch.13.3m. in 1974. In the years before 1974 dividends averaged 12 per cent.

Announcing the result Mr. Manfred Mautner Markhof, chairman of the Board, stressed that in contrast to domestic sales, which remained at last year's level, the company managed to increase its exports primarily to Hungary but to a smaller extent also the Soviet Union and Switzerland.

Exports were not just levers to utilise spare capacity without making profits but they also contributed to company earnings, he said. The company made great efforts last year to rationalise marketing by establishing larger sales centres dealing also with soft drinks. Investments in 1975 totalled Sch 79.1m. (Sch 88m.)

The subsidiary companies such as the Gussinger Mineral Wasser AG, Soma and the Steffl restaurant produced, according to the board, satisfactory results. Gussinger paid an 8 per cent. dividend last December and the Adambrau of Innsbruck in which the company has a majority holding announced a dividend of 9 per cent. There was a slight reduction of production staff from 1,360 to 1,310.

Two other Austrian breweries, Goesser and Reininghaus announced unchanged dividends of 10 per cent. and 12 per cent. respectively. Goesser's output dropped by 1.2 per cent. to 910,000 hectolitres and net profit was Sch.12.1m. (Sch.15.1m.). Reininghaus reports a fall-off in production by 3.5 per cent. to 902,000 hectolitres. Exports faced particular difficulties in Italy. Net profits were Sch.15.5m. (Sch.17.9m.).

RAS profits only slightly down in 1975

BY OUR OWN CORRESPONDENT ROME, June 29

RIUNIONE Adriatica di Sicurta (RAS), has emerged as one of the few Italian insurance groups to make a profit last year and has announced an unchanged L.600 dividend on net profits marginally down to L1.156m. compared with L1.304m. in 1974.

Italian premium income rose 22 per cent. to L224.6bn., or L395.5bn. if income of its Assicuratrice Italiana subsidiary is included, while premium income of RAS and its subsidiaries world wide exceeded L700bn.

Life premiums rose by 24 per cent. to L75.5bn. new capital insured rose 33 per cent. to L702bn. while portfolio investment rose by L12bn. to L172bn., giving a yield of L9.3bn. The value of real estate investment rose L32bn. to L154bn., although L18.6bn. of this was attributable to revaluation of Italian property assets under terms of the so-called Visentini law. Rent income from property amounted to L8.2bn.

Reserve assets rose L18.2bn., while technical reserves rose L42.6bn. to L236bn.

Assicuratrice Italiana, the principal Italian subsidiary of RAS, however, reports a L5.2bn. loss last year.

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1987	[illegible]	[illegible]
Ashland 8pc 1987	[illegible]	97
Australasia 8pc 1982	[illegible]	[illegible]
BFCE 8½pc 1983	[illegible]	101½
CNE 9½pc 1985	100½	101
Conoco 8pc 1986	99	[illegible]
ECS 9½pc 1986	101½	102
EIB 9½pc 1985	[illegible]	[illegible]
KRAP 9½pc 1983	[illegible]	[illegible]
Esso 8pc 1986 Nov.	[illegible]	[illegible]
Eurofima 8½pc 1983	[illegible]	[illegible]
Granges 9½pc 1983	[illegible]	[illegible]
Massey 9½pc 1982	[illegible]	[illegible]
Michelin 9½pc 1986	[illegible]	[illegible]
Modo 9½pc 1983	[illegible]	[illegible]
Newfld. Labrador 9½pc 89	[illegible]	[illegible]
New Zealand 9½pc 1982	[illegible]	[illegible]
Norpipe 8½pc 1984	[illegible]	[illegible]
Norsk Hydro 8½pc 1983	[illegible]	[illegible]
Oslo 9pc 1988	[illegible]	[illegible]
Pacific Light 8pc 1988	[illegible]	[illegible]
Prov. Quebec 9pc 1985	[illegible]	[illegible]
Scanraff 8½pc 1988	[illegible]	[illegible]
SFF 9pc 1981	[illegible]	[illegible]
Shell 8pc 1980	[illegible]	[illegible]
Stand. Oil Ind. 8½pc 85	[illegible]	[illegible]
Svenska Handels 9½pc 1986	[illegible]	[illegible]
Volvo 9½pc 1983	[illegible]	[illegible]

NOTES		
Barclays 8½pc 1982	[illegible]	[illegible]
British Gas 8pc 1981	101	101½
Charter Finance 9½pc 1981	99½	100
Denmark Mt. Bk. 9½pc 1983	100½	101½
ECS 8½pc 1981	[illegible]	101½
EEC 8½pc 1982	[illegible]	[illegible]
Electricity Council 8½pc '81	100½	101
Montreal 9½pc 1982	102	[illegible]
Nippon Steel 8½pc 1980	[illegible]	[illegible]
Norway 8½pc 1981	101½	102
Prov. Quebec 8½pc 1981	101½	[illegible]
Seagram 9pc 1982	[illegible]	[illegible]

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc 87	79	81
Ashland 5pc 1988	[illegible]	[illegible]
Beatrice Foods 4¼pc 1992	[illegible]	[illegible]
Beatrice Foods 4½pc 1992	[illegible]	[illegible]
Borden 5pc 1992	[illegible]	[illegible]
Broadway-Hale 4½pc 1987	[illegible]	77
Canon Camera 7pc 1990	[illegible]	141
Carnation 4pc 1987	[illegible]	[illegible]
Chevron 5pc 1988	[illegible]	119
Dart 4¾pc 1987	[illegible]	77
Eastman Kodak 4½pc 1988	115	117
Economic Labs 4½pc 1987	[illegible]	[illegible]
Fed. Dept. Stores 4½pc 85	[illegible]	[illegible]
Firestone 5pc 1988	[illegible]	[illegible]
Ford 6pc 1986	95	96
Ford 5pc 1988	[illegible]	87
General Electric 4¼pc 1987	84	86
Gillette 4¾pc 1987	74	76
Gould 5pc 1987	[illegible]	93
Gulf and Western 5pc 1988	100	102
Harris 5pc 1992	97	99
Honeywell 6pc 1986	81	83
ITT 4½pc 1987	71	73
Komatsu 7½pc 1990	104½	106
J. Ray McDermott 4¾pc '87	143	145
Mitsubishi Elec. 7½pc 1991	104	105½
Mitsui 7pc 1990	102	103½
J. P. Morgan 4½pc 1987	117	119
Nabisco 5pc 1988	91½	93½
Owens Illinois 4½pc 1987	102	104
J. C. Penney 4½pc 1987	[illegible]	80
Pioneer 8pc 1989	[illegible]	[illegible]
Revlon 4½pc 1987	103½	[illegible]
Reynolds Metals 5pc 1988	[illegible]	[illegible]
Sperry Rand 4½pc 1987	[illegible]	[illegible]
Squibb 4pc 1987	[illegible]	[illegible]
Texaco 4¾pc 1988	[illegible]	[illegible]
Toshiba 6½pc 1990	[illegible]	113
Union Carbide 4½pc 1982	[illegible]	[illegible]
Warner Lambert 4½pc 1987	[illegible]	[illegible]
Warner Lambert 5pc 1988	79	81
Xerox 5pc 1988	[illegible]	77

Source: Kidder, Peabody Securities.

Bourse listing for Societe Generale

BY ROBERT MAUTHNER PARIS, June 29.

AS PART of its share distribution scheme to employees, the Société Générale, one of France's nationalised banks, has obtained a Bourse quotation for 2m. of its shares, 25 per cent. of total capital. The Frs.100 nominal shares were quoted at Frs. 240.

This is the first time that a nationalised bank, in which the State must always retain at least 75 per cent. of the capital under French law, has put such a large amount of its equity on the market. The figure of 25 per cent., however, is misleading, since only a relatively small proportion of the 2m. shares involved are immediately negotiable.

The Société Générale shares which can currently be bought or sold on the Bourse total no more than some 93,000, since those distributed free to the bank's personnel in 1973 and subsequent years will not become negotiable until five years later.

Last month the Société Générale, which made a consolidated group net profit of Frs.434m. on a total balance-sheet of Frs. 149.7bn. in 1975, doubled its capital from Frs. 400m. to Frs. 800m. by the incorporation of reserves and a free share issue on the basis of one new for one old share.

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WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Confident undertone maintains prices

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 29

STOCK PRICES were slightly higher through midsession. In the news background, the U.S. Commerce Department reported that the U.S. Index of Leading Economic Indicators in May rose 1.4 per cent, following a gain of 0.7 per cent a month earlier.

Stock Exchange advances outnumbered declines by a six to four margin. The Dow Jones Industrial Average was ahead 0.82 at 998.20. Turnover approximated 8m. shares. The Transport Index rose 0.27 to 221.70 and the Stocks Index was up 0.23 to 308.82. However, Utilities shed 0.06 to 87.33.

Closing prices and market reports were not available for this edition.

Atlantic Richfield climbed $2¼ to $103¼, and brought to more than three points the rise in the last two sessions. Directors of the company approved a two-for-one stock split on Monday.

Arco and Du Pont to-day announced a joint venture to build a $1bn. petrochemical raw materials plant in the Texas Gulf area. Du Pont's stock was unchanged at $142½.

Continental Oil added 50 cents to $39¼ following a bullish earnings forecast.

General Dynamics climbed $1¾ to $62¼, Xerox $1⅛ to $60¼, Revlon $2¼ to $83¼, and Woods Petroleum $1¼ to $20¼. However, Levi Strauss fell $1 to $45¼.

Prices on the American Stock Exchange pushed higher, with the Amex index up 0.21 to 105.13. Volume was less than 1m. shares at noon.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Atlas Corpn.	394,700	6	+⅛
Southern Cal. Ed.	252,400	19⅜	+⅛
Continental Oil	227,700	39¼	−1¼
Gulf Oil	213,500	28¼	+⅛
Texaco	156,200	27⅛	+⅛
Gulf Life-Hold	146,300	10⅛	+⅛
Sperry	145,600	31⅛	−⅛
Boeing	137,000	28¼	+1
Avco	135,900	13	+1
Amer. Tel. and Tel.	134,900	58¼	+1⅛

OTHER MARKETS

Canada lower

Canadian stocks began to weaken resisting a firmer New York trend and headed mostly lower in light trading on the Toronto Stock Exchange. The Industrial Index stood unchanged but declines outran advances three to two.

In Montreal the Index was down 0.45 to 199.28. Banks were the only sector to show even a small index gain with **Bank of Nova Scotia** rising ⅜ to $39¼.

PARIS—Shares moved ahead across the board in fairly active trading on the Paris bourse although there was no significant stimulus. However, one sector showing a majority of losses was metals, where **Creusot-Loire** and **Normandie** were the notable decliners. Two other losers against the general trend were **Schneider** and **Lefevre**.

Main gainers were **Carrefour** up Fr 10 to Fr.1,730. **Hutchinson, Club Med, Presses de la Cité, CFP** up Fr.2.9, **Air Liquide** ahead Fr.4.7 and **CGE** which rose Fr.6.5. **Galeries Lafayette** gained Fr.1.7 to Fr.76.8 and **Peugeot** put on Fr.2.5. Ahead too were **Michelin "B"** and **BSN Gervais**.

BRUSSELS—The market was mixed in very quiet trading. **Sofina** put on Bfrs.25 to Bfrs. 3,105 and **Electrafina** also rose. **Union Minière** rose Bfrs.16 to Bfrs.1,140 and **Hoboken** jumped Bfrs.35 to Bfrs.3,860. **Mosane** also rose. But **Vieille Montagne** fell Bfrs.30 and **St. Roch** and **Finoutremer** were also lower.

Petrofina eased Bfrs.30 to Bfrs. 4,990 while U.S. and Canadian **Petrofina** rose. **Franki** put on Bfrs.100 to Bfrs.5,000 while **Electrobel** also gained. However **Arbed, Olace St. Rochell** and **La Royale Belge** were all lower.

AMSTERDAM—Shares continued to fall across a broad front in dull trading and they reached a 1976 low.

Isolated gainers were **Byenkorf, Ahold** and **Amev. Dell** fell sharply closing Fl.2.40 lower while **ABN** fell Fl.3. **Elsevier** lost Fl.6 at Fl.289 and **Unilever** was Fl.1.3 down. **Van Ommeren** shed Fl.2 and **Philips** lost 50 cents. **AKZO** declined by 70 cents to Fl.39.6. Banks were also weaker.

FRANKFURT—Prices closed mixed in sporadic trading with no clear trend apparent although there was more resistance to losses than on Monday. Leading Chemicals were steady and in Stores **Neckermann** rose DM2 although **Kaufhof** lost DM3.

Electricals were also mixed with **AEG** down 70 pfennigs and **Siemens** up DM1. Banks fell up to DM1.50 led by **Commerzbank** yet in Motors **Daimler** rose DM3. The hot weather probably helped **Lowenbrau** to put on DM10, but the same factor may have precipitated a fall of DM10 in **Sudzucker**.

On the bond market prices fell up to 30 pfennigs ahead of conditions of the expected new Government loan later this week.

COPENHAGEN—The market was generally higher in a moderate volume.

OSLO—Banking, Industrials and Shippings were all well-maintained, while Insurances tended barely steady. **Kosmos** rose Kr.20.

VIENNA—The market was very steady in light trading.

ZURICH—The market showed a mixed performance with gains exceeding losses 34 to 25 in moderate trading. The Swiss Credit Bank index fell 1.0. Shares closed mixed in the Insurance and Chemical sectors. Banks and Financials declined, while Industrials advanced. **Union Bank** fell Frs.46 to Frs.3,100 but **Bally Bearer** rose Frs.50 to Frs.1,440. **Sandoz** gained Frs.20 but **Zurich Insurance** lost Frs.10 to Frs.9,390.

MILAN—All markets were closed for the St. Peter and Paul holiday.

MADRID—Markets were also closed for the holiday.

TOKYO—The market closed higher for the sixth consecutive session. The Tokyo SE index closed at 357.32, up 0.80 and a new 1976 high.

Commodity market-related shares such as Papers, Textiles and Non-ferrous Metals led the rise reflecting the recovery on domestic commodity markets. Petroleums firmed initially in line with a fall in the U.S. dollar against the yen, but closed mixed on late profit-taking. However, Electricals, Motors and some other Blue Chips closed lower as investors became cautious on a rise in the outstanding balance of buying in margin trading. **Sony, Matsushita Communication, Honda Motor, Shiseido** and **Alps Electric** all lost ground.

HONG KONG—The market closed firmer in fairly quiet trading with most of the gain coming towards the end. Stock prices may have been boosted somewhat by **Jardine Matheson's** announcement on Monday that it proposed to acquire a 25 per cent. stake in a Liberian trading concern. Jardine shares rose 40 cents to $HK21.20. **Hong Kong Bank** put on 20 cents to $HK18.90, **Wheelock Marden** 5 cents to $HK2.525 and **Hutchison** also rose.

JOHANNESBURG—The market was extremely quiet in small volume. Gold shares were easier on general lack of interest and Heavyweights lost up to a Rand. Marginal and speculative issues lost up to 30 cents. Financial *Minings were easier in line with* producers and **Amgold** shed R1.50 to R2.70. There was little interest in Metals and prices were generally easier. In Coppers **Messina** shed 10 cents to R3.95 but Platinum share **PP Rust.** gained 5 cents to R2.45. **De Beers** was unchanged at R3.25.

The Industrial market was quietly steady.

AUSTRALIA—Strong support for **Pancontinental** and leading sugar stocks again dominated an indecisive Sydney stock market. Some year-end tax selling affected stocks and the lists closed with a very patchy look. **Pancontinental** made the one real exception racing away to $A13.50 for a 50-cents gain. However, other Uraniums lost ground while leading Mining shares were mainly steady.

Bundaberg was the best of the Sugars with a 15-cent rise to $A4.75 but there was also good support for **CSR** and **Pioneer**. Leading Industrials were sluggish, although **BHP** and **Bank of New South Wales** and **Lend Lease** finished ahead. Retailers took on a firmer look but there were a host of small falls in the top second-rankers like **EMI, Boral** and **TNT**.

Indices

NEW YORK—DOW JONES

	June 28	June 25	June 24	June 23	June 22	June 21	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	997.38	999.64	1005.77	996.50	997.65	1007.45	1,011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
Home Bonds	72.88	72.78	72.81	72.75	72.75	72.69	75.80 (22/4)	69.11 (2/1)	—	—
Transport	221.43	222.21	221.76	220.84	221.07	221.92	222.21 (25/6)	179.58 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	87.39	87.52	86.59	86.96	85.70	86.05	91.90 (4/2)	84.80 (26/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	17,490	17,960	19,960	17,630	21,150	18,930	—	—	—	—

	June 18	June 11	June 4	Year ago (approx)
Ind. div. yield %	3.79	3.88	3.94	4.69

STANDARD AND POORS

	June 28	June 25	June 24	June 23	June 22	June 21	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	117.45	116.78	116.87	116.25	116.55	117.48	118.57 (24/3)	101.64 (2/1)	164.64 (11/1/73)	3.52 (30/6/32)
Composite	104.35	105.72	103.79	103.26	103.47	104.28	108.79 (24/3)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	June 17	June 9	June 2	Year ago (approx.)
Ind. div. yield %	3.41	3.55	3.46	3.75
Ind. P/E Ratio	12.66	12.22	13.59	11.08
Long Govt. Bond yield	6.69	5.72	5.86	6.71

N.Y.S.E. ALL COMMON

June 28	June 25	June 24	June 23	1976 High	1976 Low
55.25	55.55	55.55	55.05	55.55 (21/6/76)	47.08 (2/1/76)

Rises and Falls June 28

Issues Traded	907	Up	701
Down	688	Same	437
New Highs	85	New Lows	14

	June 28	June 25	June 24	June 23	1976 High		1976 Low	
MONTREAL Industrial	199.73	(n)	(n)	200.70	207.55	(19/5)	175.62	(2/1)
MONTREAL Combined	192.13	(n)	(n)	192.57	199.76	(20/5)	175.97	(2/1)
TORONTO Industrial	188.11	188.74	188.10	188.75	197.45	(20/2)	175.61	(2/1)
JOHANNESBURG Gold	185.6	187.2	188.8	188.8	226.7	(12/5)	174.4	(6/4)
JOHANNESBURG Industrials	201.5	202.8	203.4	205.5	215.0	(21/5)	199.6	(6/4)

	June 29	Previous	1976 High	1976 Low
Australia (a)	470.77	470.97	476.61 (22/6)	445.32 (5/1)
Belgium (b)	99.66	99.49	105.18 (5/2)	97.85 (16/6)
Denmark (d)	110.14	109.66	112.32 (9/6)	100.30 (10/5)
France (e)	66.6	66.3	74.5 (5/6)	65.1 (18/5)
Germany (f)	760.8	761.4	821.7 (17/5)	735.0 (25/6)
Holland (g)	89.8	90.5	105.5 (5/2)	89.8 (20/6)
Hongkong (h)	409.00	405.22	455.35 (1/1/5)	364.60 (2/1)
Italy (k)	(n)	80.28	91.67 (25/2)	72.30 (4/5)
Japan (m)	357.32	356.52	357.32 (29/6)	326.28 (6/1)
Singapore (o)	255.84	254.30	259.15 (3/2)	236.50 (5/1)
Spain (p)	(c)	86.46	100.79 (7/6)	85.45 (1/4)
Sweden (q)	461.97	460.90	476.96 (10/5)	394.86 (19/1)
Switzerl'd (r)	284.6	283.9	299.5 (12/5)	276.3 (4/6)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (o) Straits Times 1966 (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58. (n) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 425 Inds., 50 Utilities and 25 Rails. (c) Closed.

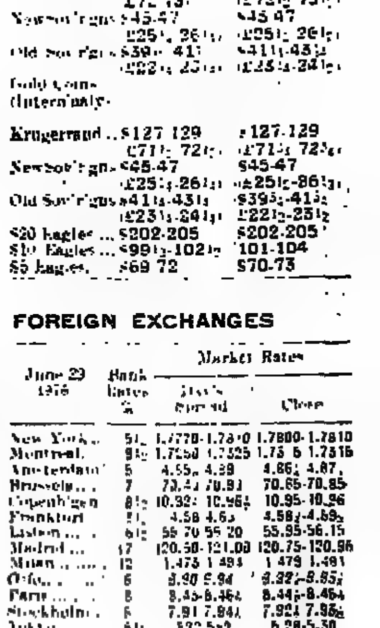
Sterling improves

Sterling maintained its recent advance in the foreign exchange market yesterday, improving 60 points to finish at $1.7800-1.7810 against the U.S. dollar. A moderate level of business was seen throughout the day, and the pound was helped by Bank of England intervention in the forward market. There was also continued speculation that Mr. Healey, Chancellor of the Exchequer, may announce substantial cuts in public expenditure. Sterling's trade weighted average depreciation, as calculated by the Bank of England, narrowed to 38.9 per cent., the best level since May 25. The depreciation stood at 39.0 per cent. at noon and in early dealings, compared with Monday's close of 39.1 per cent.

The U.S. dollar traded steadily for most of the day and was largely unchanged at the close. The average depreciation of the dollar, as calculated by Morgan Guaranty of New York, on noon rates, narrowed slightly to 1.93 per cent. from 1.99 per cent. previously.

Although markets in Italy were closed yesterday, there was a strong improvement in the lira, possibly aided by favourable indications out of the conference in *Puerto Rico that further funds could be made available for propping* up the Italian economy. The lira closed at L832 in terms of the dollar, compared with the previous close of L842½. Its trade weighted depreciation narrowed to 50.00 per cent. from 51.10 per cent.

Gold lost $¼ an ounce in moderately active trading, closing at $123¾-124. The Krugerrand finished at $128-130 (£72-£73) for domestic delivery. Its premium over the gold content widened to 3.54 per cent. from 3.33 per cent. in international dealings, and narrowed to 4.35 per cent. from 4.54 per cent domestically.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	June 28	June 25
Sterling	*0.645867*	*0.647148*
U.S. dollar	1.14551	1.14584
Belgian franc	45.3937	45.4096
Deutschemark	2.94882	2.94997
French franc	5.45215	(u)5.42302
Italian lira	965.722	967.032
Japanese yen	341.247	341.231
Dutch guilder	3.13292	3.13502
Swedish krone	5.09867	(u)5.09957
Swiss franc	2.81855	2.83297

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

June 29	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frnkfu't	—	2.677-578	54.29-33	6.48-60	4.685-695	94.13-17	104.45-55
N. York	76.75-77		21.08-09	2.619c-215	1.7740-52	36.51-55	40.58-61
Paris	123.98-4.36	4.742-752	—	11.94-96	8.432-463	173.18-22	192.02-42
Brussels	15.35-42	39.68-71	2.36-37	—	70.55-66	14.46-51	16.06-11
London	4.582-59½	1.7800-10	8.44½-45½	70.60-80	—	4.86½-87½	4.40-41
Am'rd'm.	104.17-22	2.7387-92	57.84-69	6.894-898	4.869-874	—	111.04-09
Zurich	95.95-96.05	2.473-475	52.12-16	6.217-225	4.397-400	90.17-36	—

U.S. $ in Montreal U.S. $=97.14-16 Canadian cents.
Canadian $ in New York C$=102.95-95 U.S. cents. U.S. $ in Milan †842.50-843
Sterling in Milan †1,494.75-1,496.25. †June 28 rates.

EURO-CURRENCY INTEREST RATES*

June 28 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
†Short term	27-32	5⅝-5⅞	7¼-8¼	7⅛-7⅝	4¼-4½	⅜-⅝
7 days notice	20-25	5⅜-5⅞	7⅝-8¼	7⅛-7⅝	4⅛-4⅜	⅝-⅞
Month	15½-16	5⅝-6⅛	8-8¼	7⅝-8	4⅛-4½	¾-1⅝
Three months	14½-15	6-6½	8⅛-8⅝	8-8¼	4⅛-4⅝	1-1⅝
Six months	14-14½	6⅝-7⅛	8½-8⅞	7⅝-8	4⅝-4⅞	1⅜-1⅞
One year	13⅞-14⅜	7¼-7¾	8½-8⅞	7⅛-8⅛	5½-5⅞	2⅛-2⅝

Euro-French deposit rate: two-day 6¼-6½ per cent.; seven-day 6¼-6¾ per cent.; one-month 8⅞-9 per cent.; three-month 9¼-9½ per cent.; six-month 10¼-10½ per cent.; one-year 10½-11 per cent.

Longer-term Eurodollar deposits: two years 8-8¼ per cent.; three years 8¼-8½ per cent.; four years 8¼-8½ per cent.; five years 8½-8¾ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one-month 5¼-5⅜ per cent.; three months 5⅝-6 per cent.; six months 6¼-6⅜ per cent.; one-year 7⅛-7¼ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

GOLD MARKET

	June 29	June 28
Gold Bullion (a fine ounce)		
Close	$123¾-124	$123½-124½
Opening	$123¾-124½	$124½-125
Morning fixing	$123.90 (£69.658)	$124.50 (£70.028)
Afternoon fixing	$123.70 (£69.545)	$123.90 (£69.811)
Gold Coins domestically		
Krugerrand	$128-130 (£72-73)	$128½-130½ (£72½-73½)
New Sovereigns	$45-47 (£25¼-26¼)	$45-47 (£25¼-26¼)
Old Sovereigns	$39½-41½ (£22¼-23¼)	$41½-43½ (£23¼-24½)
Gold Coins internationally		
Krugerrand	$127-129 (£71½-72½)	$127-129 (£71½-72½)
New Sovereigns	$45-47 (£25¼-26¼)	$45-47 (£25¼-26¼)
Old Sovereigns	$41½-43½ (£23¼-24¼)	$39½-41½ (£22¼-23¼)
$20 Eagles	$202-205	$202-205
$10 Eagles	$99½-102½	$101-104
$5 Eagles	$69-72	$70-73

FOREIGN EXCHANGES

June 29 1976	Bank Rates %	Day's Spread	Close
New York	5½	1.7770-1.7810	1.7800-1.7810
Montreal	9½	1.7250-1.7325	1.7305-1.7315
Amsterdam	5	4.85½-4.89	4.86½-4.87½
Brussels	7	70.45-70.91	70.65-70.85
Copenh'gen	8½	10.92½-10.96½	10.95-10.96
Frankfurt	3½	4.58-4.63	4.58½-4.59½
Lisbon	6½	55.70-56.20	55.95-56.15
Madrid	7	120.50-121.00	120.75-120.95
Milan	12	1,475-1,494	1,479-1,491
Oslo	6	9.90-9.94	9.92½-9.93½
Paris	8	8.45-8.46½	8.44½-8.46½
Stockholm	6	7.91-7.94½	7.92½-7.93½
Tokyo	6½	522-532	5.28-5.30
Vienna	4	32.50-33.00	32.75-32.95
Zurich	2	4.37-4.41½	4.40-4.41

* Basic discount. Given rates are for convertible francs. Closing financial franc 71.35-71.45

OTHER MARKETS

		Notes Rates	
◆Argentina	249.30-249.50	Argentina	560-580
Australia	1.4315-1.4475	Austria	31½-33¼
Brazil	19.06-19.25	Belgium	70¼-72½
Finland	6.91-6.92	Brazil	20-23
Greece	64.159-65.763	Canada	1.69-1.71
Hong Kong	8.7676-8.7950	Denmark	10.70-11
Iran	123-125	France	8.25-8.45
Kuwait	0.517-0.527	Germany	4.45-4.65
Luxembourg	70.55-70.85	Greece	62-65
Malaysia	4.6150-4.6230	Italy	1470-1570
N. Zealand	1.7864-1.8026	Japan	525-545
Saudi Arab	6.22-6.32	Netherl'ds	4.75-4.95
Singapore	4.3905-4.4040	Norway	9.70-9.90
S. Africa	1.5574-1.5539	Portugal	53-57
U.S.		Spain	116-120
Canada		Switz'land	4.30-4.50
C$1—		U.S.	1.77-1.79
U.S. cents	102.52-102.85	Yugosla'ia	31-33

Based on rates quoted by special dealers. ◆ Rate given is Official Rate SCBRA rate 444.01-444.21.

FORWARD RATES

	One Month	Three months
New York	1.55-1.45 c. pm	3.75-3.65 c. pm
Montreal	1.00-0.90 c. pm	2.45-2.35 c. pm
Amst'dam	3½-2½ c. pm	8½-7½ c. pm
Brussels	50-30 c. pm	100-80 c. pm
Cop'nhag'n	7-5 ore pm	12½-10½ ore pm
Frankfurt	5-4 pf. pm	12-11½ pf. pm
Lisbon	50-150 c. dis	140-240 c. dis
Madrid	70-110 c. dis	120-190 c. dis
Milan	5-15 lire dis	20-50 lire dis
Oslo	7½-5½ ore pm	17-15 ore pm
Paris	5½-4½ c. pm	11-10 c. pm
Stockholm	5½-5½ ore pm	11½-9½ ore pm
Vienna	30-25 gro pm	85-70 gro pm
Zurich	6½-5½ c. pm	15½-14½ c. pm

Six-month forward U.S. dollar 6.25-6.15c pm and 12-month 10.35-10.45c pm.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—113% (115¼%).

NEW YORK

CANADA

GERMANY

MILAN

AUSTRALIA

JOHANNESBURG

PARIS

BRUSSELS/LUXEMBOURG

AMSTERDAM

SWITZERLAND

TOKYO

SPAIN

STOCKHOLM

COPENHAGEN

OSLO

VIENNA

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

STOCK EXCHANGE REPORT

Technical rally but activity still at a low level

Share index up 6.4 at 377.9—Golds fall afresh

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 14	Jun. 24	Jun. 25	July 6
Jun. 28	July 8	July 9	July 20
July 12	July 22	July 23	Aug. 3

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity markets took a turn for the better yesterday. A technical rally in the leaders left closing quotations with gains ranging to 5. However, more than half of the day's improvement came in the "after-hours" dealings when a few buyers appeared on vague rumours that recent fears about more stringent dividend limitations were unjustified. The late improvement was reflected in the FT 30-share index which extended a rise of 2.9 at 2 p.m. to one of 6.4 at the close of 377.9. However, there was very little genuine investment interest, most of the day's business being of a professional nature. The continuing steady to firm trend in sterling helped sentiment, and British Funds made a little further progress. The Government Securities index hardened 0.11 to 62.82.

Elsewhere, Rowntree Mackintosh provided the main feature of the day, falling 13 to 203p on the proposed £12.38m. "rights" issue. Overall, there was no decided trend: falls just had the edge over rises in FT-quoted Industrials, but the FT-Actuaries All-Share Index hardened a shade to 153.80. Official markings of 3,766 were only marginally higher than Monday's 3,572.

Despite only a modest setback of $0.25 to $123.625 per ounce in the bullion price, Gold mining shares encountered fresh U.S. selling. Closing losses were fairly substantial and left the Gold Mines index 12.8 lower at 148.7 for a two-day fall of 18.8.

The prevailing tightness of credit in money markets, a situation which it is hoped will show some sign of easing to-day, continued to inhibit short-dated British Funds. Nevertheless, the undertone of the market was firm, although rises for the most part were marginal. Circumstances at the medium and longer end were very similar, but here and there gains ranging to ¼ appeared, mainly in high-coupon longs. The Government broker was established as a seller of long "tap." Exchequer 13¼ per cent., 1996, supplies at 94¾.

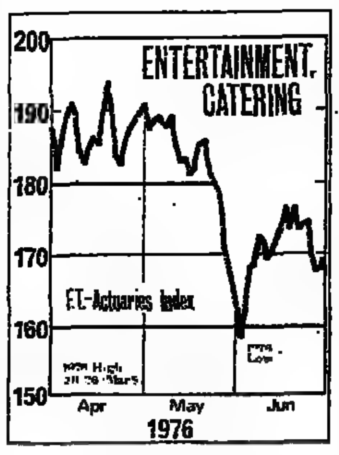
Occasional general offerings of investment currency found buying interest again unimpressive and the premium moved lower to 113 per cent., a fall of 2½ points on the day. Yesterday's SE conversion factor was 0.6846 (0.6790).

Standard Chart. rise

In Banks, Standard Chartered rose 7 to 385p in response to the increased dividend and near 30 per cent. jump in pre-tax profits. Elsewhere, Hongkong and Shanghai hardened 2 to 312p, after 314p, but Australia and New Zealand shed 5 to 470p. Home Banks attracted a little more interest than recently and managed to edge higher. Barclays, 275p, and National Westminster, 213p, both gained 3 and Midland were 2 higher at 255p. Lloyds were unaltered at 215p. After Monday's nervousness about the consequences of a strike by employees, Allied Irish perked up 2 to 102p. Merchant Banks were inclined easier and had Leopold Joseph 5 off at 145p and Hambros and Kleinwort Benson both 3 down at 187p and 91p respectively.

Insurances staged a modest technical rally. Eagle Star, 117p, Phoenix, 188p, and Sun Alliance, 380p, were all 3 harder, while "Royals" improved the turn to 278p. In front of to-day's interim results, Brentnall Beard held steady at 108p.

Vaux featured Breweries, rising 10 to 257p on further consideration of the results. Bass Charrington rallied 3 to 98p and Allied hardened 2 to 66p, while Scottish and Newcastle were similarly dearer at 56½p. Elsewhere, Distillers edged forward a penny to 144p but Amalgamated Distilled Products came on offer at 22p, down 2.



Buildings spent a quiet session. Associated Cement improved late to close 5 higher at 151p, while Anglo-American Asphalt, still reflecting the results and scrip proposal, moved up 4 more to 182p for a two-day rise of 15. Blundell-Permoglaze edged up 2 to 31p in front of to-day's interim statement, while similar gains were seen in R. Costain, 190p, and Mixconcrete, 30p. Taylor Woodrow contrasted with a fall of 3 to 243p.

Little-changed at the "House" close, ICI improved "after-hours" to close 5 better on balance at 353p. Elsewhere in Chemicals, Brent moved up 4 to 109p and Fisons improved 5 to 372p. Plastics had Enalon and Stewart both 2 better at 64p and 78p respectively.

GEC firm

The Electrical leaders closed firmly following a slight improvement in business. GEC moved up 3 to 135p in front of to-day's preliminary statement, while similar gains were seen in Plessey, 76p, and EMI, 229p. Among secondary issues, Electrocomponents featured with a rise of 5 to 107p on the increased earnings. United Scientific added 3 at 114p and modest gains were also sported by BSR, 110p, and Petbow, 152p. Ultra Electronic, however, eased 3 to 54p following Press comment on the results. Muirhead reacted 4 to 113p, while, reflecting overseas advices, Sony fell 10 to 790p and Philips' Lamp retreated 20 to 905p.

Stores closed on a firm note following a quiet trade. UDS, at 73p, recouped 2 of the previous day's loss of 3 which followed Press comment on the annual accounts, while "Gussies" "A," 177p, and Marks and Spencer, 99p, put on a penny apiece. Rises of 3 were seen in Waring and Gillow, 59p, and Cope Sportswear, 33p, but small selling in a thin market left Audiotronics 3 easier at 37p. Allied Retailers lost 2 to 94p following Press comment on the results, while similar declines were sustained by Cantors "A," 22p, and Vernon Fashion, 48p.

Slightly more enthusiasm developed for selected Engineering leaders and GKN improved 5 to 313p, while John Brown gained 4 to 89p, the latter being helped to some extent by Press comment. Tube Investments also advanced 4 to 324p and Pegler-Hattersley, after recent dullness, rebounded 6 to 150p. Reflecting increased first-half profits, J. and H. B. Jackson put on 1 to 22½p, and Haden Carrier were an identical amount better at 94p on newspaper mention. Cronite Group, in contrast, reacted 1 more to a low for the year of 30p, still unsettled by the marked interim setback. Amalgamated Power were 2½ dearer at 62½p, but F. H. Lloyd lost 3 to 64p. 600 Group were quoted ex the "rights" issue at 63p with the new nil-paid shares at 5p premium. Elsewhere, Henry Norrington gained 1 to 9p late mirroring the good interim figures and profits forecast. Yarrow made little response to the post-tax profits statement, hardening only 1 to 180p, after 182p.

Foods were featured by weakness in Rowntree Mackintosh, which closed 13 cheaper at 203p, after 200p, on plans to raise approximately £12.38m. by way of a "rights" issue. Bishop's Stores "A," at 35p, gave up the previous day's rise of 3 which followed the preliminary results. Geo. Bassett were steady at 76p in front of to-day's annual results, while higher earnings lifted Avana a fraction to 19p. J. B. Eastwood continued firmly, rising a penny to 59p for a two-day gain of 5 on further consideration of the preliminary results.

Grand Metropolitan hardened 2½ to 67½p in belated response to news of the £34m. Saudi Arabian contract. Elsewhere in Hotels and Caterers, Savoy "A" finished a penny firmer at 27p and J. Borel put on two points at £72. Against the trend, Mount Charlotte Investments closed a fraction cheaper at 4p on the dividend omission and larger trading deficit.

Misc. leaders better

Although business remained extremely thin, the Miscellaneous Industrial leaders staged a modest technical rally yesterday. Improving a penny or so more after-hours, Beecham ended 5 higher at 372p, while Glaxo, at 387p, retrieved 4 of the previous day's loss of 7. Bowater were also 4 dearer at 198p and Boots and Turner and Newall were both 2 better at 119p and 139p respectively. Second-line issues were irregular. Ropner were firm at 20½p, up 2, with the "A" 2½ harder at 20p following the results. Trading news also prompted a similar improvement in Crosby House at 135p. The chairman's bullish remarks at the annual meeting helped Lesney Products gain 2 to 50p. E. Fogarty found support at 82p, up 4, and Unerman scored a similar gain to 58p. A firm market of late on speculative buying fuelled by bid hopes, James Warren touched 75p on Press comment before easing back to close at the overnight level of 74p. Up 60 last week on the sale of the Dorchester Hotel to Arab interests, Development Securities met profit-taking and lost 7 to 373p. LCP softened a penny to 63p after the results and R. Kelvin Watson, results due July 6, cheapened 2 to 50p.

Motors and Distributors were generally better where changed. British Car Auction were a modest feature at 47p, up 4½p. Lucas hardened a penny at 213p, while Dunlop improved 2 at 76p. Kenning Motor managed to close a fraction firmer at 48½p despite the reduced earnings. Of the few casualties, Dorada cheapened 2½ to 44p. Publicity given to the investment plans by British Leyland made no apparent impact on the shares which closed without alteration at 33p.

Morgan-Grampian flared into prominence on the impressive results and favourable statement concerning current prospects to close a net 11 higher at 83p, after 85p. Other Publishers were rarely altered, but Eucalyptus Pulp gained 3 more to 48p as yield attractions offset the effects of the second-half profits setback. Elsewhere, London and Provincial Poster lost 3 to 84p, but Tridant picked up 2 to 40p.

Regional Props. up

A flurry of speculative buying which eventually found supplies a little tight forced Regional Properties "A" up 4½ to 37p, after 38p. Also to the fore were MEPC, at 65p, a rise of 3, and Imry which, in a thin market, rose 8 to 135p. Land Securities reacted initially to 144p on the continuing cautious approach towards development activity, but later rallied to close unaltered on the day at 148p. Land Investors put on 3 to 83p and Gilgate Holdings were a small feature at 10p, up 1½; the latter has announced that National Investors Life Assurance is no longer interested in 10 per cent., or more, of the company's capital.

A few small public buying orders were sufficient to put Shell top of the active stocks' list, but the price was only marginally harder at 430p. British Petroleum were also slightly firmer at 597p, but U.S. and investment dollar influences brought Royal Dutch down 1½ points to £38⅞. Speculative interest continued in Oil Exploration, although it was more two-way than of late, and the close was 2 better at 79p. Ultramar revived with a small rise of 2 to 134p.

News that Hambros had successfully placed their 8 per cent. shareholding in Furness Withy to various institutions brought firmness to the latter's shares which touched 194p before closing a penny firmer on balance at 189p. Elsewhere in Shippings, P. and O. Deferred hardened 2 to 103p and a similar improvement was seen in Ocean Transport at 131p. Hunting Gibson rose 4 to 135p and Reardon Smith put on 5 to 200p.

Little of interest took place in Trusts and Financials. International Pacific Securities hardened 3 to 145p on Far Eastern advices and, in front of to-day's interim results, M. and G. Dual Capital improved 2 at 81p. Dualvest Capital, however, receded 4½ to 118p.

Courtaulds took a turn for the better in Textiles, rising 4 to 131p on technical influences. William Reed were unmoved at 43p following the results. Awaiting to-day's preliminary results, Hicking Pentecost held steady at 65p. A little more interest was shown for the Tobacco majors, but prices remained at overnight levels.

Rubbers closed a shade firmer for choice. Guthrie picked up 3 more to 183p, while the chairman's confident statement helped a penny improvement to 36p in Plantation Holdings.

Sharp losses in Golds

It was another bad day for South African Gold shares. Uncertainty concerning the July 14 gold auction by the International Monetary Fund continued to unsettle sentiment in the metal price, which was finally 25 cents down at $123.625 per ounce.

Shares of the metal's producers consequently declined in the face of persistent, although generally modest, selling from local sources and in late dealings substantial offerings from the U.S. The Gold Mines index lost 12.8 to 148.7—its lowest level since April 7 and a two-day decline of 18.8.

In the heavyweights, losses ranged to £2½ in West Driefontein (£18), while Vaal Reefs and Free State Geduld were both £1½ down at £13 and £12 respectively. President Brand fell a similar amount to £11¼. Among the lower priced issues, President Steyn dropped 60 to 880p and Harmony receded 30 to 323p.

Overseas based Financials drifted reflecting the trend in Golds and owing to the modest fall in the investment premium. "Amgold" dropped £1¼ to £17¼ and GFSA lost £1½ to £16. The London-based stocks, however, remained steady, helped by the firmness of U.K. Industrials.

Coppers and Platinums were modestly easier but in Tins, Gopeng rose 10 to a year's high of 235p and Malayan Tin put on 5 to 200p.

Australians had a firmer undertone despite the easing of the premium. Poseidon, however, reacted on profit-taking, the shares being 10 lower at 280p. Metramar improved 1 to 15p following news of the first gold pouring at the Blue Spec gold/antimony mine.

Elsewhere, Murchison fell 30 to 850p owing to Cape selling. Following the news that Messina has exercised its option over Sabina's base metal prospect in Navan, shares of the last named company hardened 2 to 85p.

FINANCIAL TIMES STOCK INDICES

	June 29	June 28	June 25	June 24	June 23	June 22	A year ago
Government Secs.	62.82	62.71	62.65	62.76	62.89	62.78	58.20
Fixed Interest	62.36	62.28	62.30	62.35	62.45	62.26	57.85
Industrial Ordinary	377.9	371.5	375.1	376.4	382.5	384.8	315.3
Gold Mines	148.7	161.5	167.5	165.9	165.9	171.6	404.2
Ord. Div. Yield	5.79	5.87	5.76	5.73	5.63	5.59	6.45
Earnings Y'ld % (full)(a)	16.35	16.58	16.34	16.25	16.00	15.88	18.93
P/E Ratio (net) (b)	9.07	8.95	9.08	9.12	9.26	9.33	7.53
Dealings marked	3,766	3,572	4,207	4,320	4,515	4,140	5,812
Equity turnover £m.	—	35.26	46.21	43.83	70.36	36.95	60.15
Equity bargains total	—	9,311	10,933	10,661	9,637	9,952	15,897

10 a.m. 371.9. 11 a.m. 373.4. Noon 374.0. 1 p.m. 374.6. 2 p.m. 374.5. 3 p.m. 374.4.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=8.00.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.81 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	364.7 (2/6/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (6/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 29	June 28
Daily—		
Gilt-Edged	126.2	125.6
Industrials	123.4	112.8
Speculative	28.3	31.7
Totals	85.7	81.3
5-day Av'r'ge		
Gilt-Edged	130.5	137.3
Industrials	132.4	134.3
Speculative	39.7	42.6
Totals	81.9	93.6

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues. June 29 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Est. P/E Ratio (Nil) (Corp. Tax 52%)	Mon. June 28 Index No.	Fri. June 25 Index No.	Thurs. June 24 Index No.	Wed. June 23 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	159.95	-0.2	16.70	6.45	9.03	8.94	159.72	140.75	141.78	144.41	114.09	160.06	137.18	206.37	50.71
2	Building Materials (30)	122.11	-0.3	15.88	7.58	9.55	9.54	121.77	125.24	123.88	127.26	97.61	150.18	121.77	253.84	44.27
3	Contracting, Construction (23)	184.29	0.5	20.90	5.95	7.55	7.55	185.22	185.91	186.68	192.55	200.55	260.20	184.29	389.33	71.48
4	Electricals (16)	258.79	-0.3	16.11	4.98	9.25	8.98	258.08	259.96	264.22	267.85	213.04	287.30	249.72	350.04	86.71
5	Engineering (Heavy) (13)	173.65	-0.5	22.84	6.99	6.85	6.85	172.60	172.77	173.72	175.61	157.51	193.18	161.88	202.57	94.43
6	Engineering (General) (63)	151.21	-0.1	16.35	6.80	9.08	9.07	151.03	152.07	152.91	155.10	100.42	149.29	125.48	168.59	45.14
7	Machine and Other Tools (9)	65.66	-0.6	18.93	7.96	7.98	7.96	55.51	55.65	54.87	55.18	41.49	60.62	51.19	156.70	18.96
8	Miscellaneous (25)	126.20	—	14.91	6.75	10.33	9.93	126.19	126.30	126.43	127.90	102.29	141.94	121.53	177.41	49.65
9	CONSUMER GOODS (DURABLE) (53)	121.50	-0.2	17.25	5.56	8.68	8.65	121.59	121.88	122.44	124.69	81.90	141.46	116.86	[illegible]	38.59
10	Lt. Electronics, Radio TV (15)	151.86	-0.3	15.29	4.22	9.61	9.60	152.22	152.78	155.16	156.56	95.24	160.85	128.75	257.41	42.85
11	Household Goods (13)	160.42	—	19.45	7.25	7.83	7.82	160.48	160.99	161.72	165.48	124.64	187.22	160.42	365.22	63.92
12	Motors and Distributors (25)	76.95	-0.2	19.26	6.90	7.86	7.85	77.14	77.09	77.64	78.81	43.97	85.16	70.05	170.59	19.91
13	CONSUMER GOODS (NON-DURABLE) (168)	143.16	-0.2	14.81	6.37	10.26	10.09	142.84	142.98	143.46	146.47	127.06	162.24	158.95	226.08	61.41
14	Breweries (15)	157.60	-1.7	14.66	7.17	10.21	10.21	156.05	156.71	158.56	158.98	141.67	179.43	147.99	281.87	69.47
15	Wines and Spirits (7)	174.59	-0.3	10.91	5.80	14.01	14.01	174.02	174.14	176.41	179.82	168.89	190.67	169.90	257.40	78.71
16	Entertainment, Catering (14)	169.59	-1.0	14.53	7.84	10.77	10.67	167.96	167.86	169.98	174.35	140.42	211.28	158.17	329.99	54.87
17	Food Manufacturing (22)	158.08	-0.1	16.59	6.52	9.15	9.10	158.21	158.97	159.50	162.71	159.09	179.44	157.35	211.65	59.78
18	Food Retailing (16)	130.44	-0.2	13.66	5.59	10.69	10.69	130.73	131.51	132.14	134.18	120.20	150.05	126.86	285.08	54.36
19	Newspapers, Publishing (16)	169.04	-0.6	12.35	6.12	12.46	12.46	167.97	169.50	167.65	169.00	124.82	184.84	157.01	250.29	55.08
20	Packaging and Paper (13)	96.52	-0.2	16.87	7.85	9.11	9.11	96.50	96.71	96.95	99.44	87.65	112.50	94.92	156.69	45.46
21	Stores (34)	116.12		13.04	5.94	11.80	11.79	116.14	116.01	116.17	118.87	106.80	136.24	115.17	304.39	52.63
22	Textiles (23)	147.00	-0.1	10.50	7.61	13.83	11.52	146.84	146.93	148.01	150.52	132.97	163.19	141.90	253.72	62.66
23	Tobaccos (3)	217.67	-0.2	20.05	4.51	7.61	7.61	218.13	216.73	217.67	222.33	187.60	241.89	211.56	359.16	94.34
24	Toys and Games (6)	71.87	-0.3	20.36	7.65	6.84	6.84	71.67	71.82	72.11	72.54	38.55	78.73	59.13	135.72	20.92
	OTHER GROUPS (96)															
25	Chemicals (26)	206.93	0.7	13.05	5.44	11.56	11.56	208.55	202.09	210.26	215.35	162.45	231.58	199.45	231.58	71.20
26	Office Equipment (9)	91.53	-0.3	12.69	5.66	11.44	11.44	91.25	91.55	91.94	93.59	81.84	100.13	85.09	246.06	45.54
27	Shipping (12)	365.87	-1.1	14.27	7.16	9.68	8.78	361.49	367.60	366.59	374.61	333.01	442.64	355.52	517.00	90.80
28	Miscellaneous (49)	149.67	-	14.88	7.40	10.05	10.04	149.72	150.42	150.93	154.00	129.77	172.98	148.45	258.93	60.39
29	INDUSTRIAL GROUP (496)	147.57	--	14.91	6.28	9.99	9.88	147.52	147.85	148.55	151.39	124.13	165.58	142.68	220.17	59.01
30	OILS (4)	367.12	-0.4	11.98	4.59	9.65	8.95	355.71	358.03	361.21	360.98	284.21	395.34	351.54	431.66	87.23
31	500 SHARE INDEX	164.59	-0.1	14.44	6.01	9.93	9.71	164.44	165.12	165.98	166.64	137.41	193.00	161.90	[illegible]	63.49
32	FINANCIAL GROUP (100)	123.42	-0.5		6.06			131.82	122.46	123.09	125.02	128.71	158.40	118.52	241.41	55.88
33	Banks (6)	149.11	-0.8	20.77	5.68	7.41	7.41	147.90	148.06	149.11	151.40	147.72	192.16	146.58	266.52	62.44
34	Discount Houses (10)	156.14	-0.2	--	8.86	--	-	156.49	156.49	156.49	156.80	140.20	186.52	147.90	293.15	81.40
35	Hire Purchase (5)	90.61	-0.1	—	7.19	—	--	90.64	90.61	89.16	90.85	85.06	152.10	89.16	433.72	38.85
36	Insurance (Life) (9)	103.87	+0.8	—	6.94	—		102.00	102.21	102.91	104.58	105.47	129.46	95.92	194.46	44.88
37	Insurance (Composite) (7)	94.16	-1.1	—	7.45	—	-	93.12	94.04	95.11	96.77	99.11	119.75	92.08	155.76	43.96
38	Insurance (Brokers) (9)	243.81	-0.8	10.12	4.54	14.60	14.60	245.70	246.39	248.01	252.52	185.22	276.80	218.26	276.90	65.86
39	Merchant Banks (16)	71.58	-0.8	-	7.85			71.92	71.98	71.78	71.87	77.59	93.83	69.72	278.57	31.21
40	Property (32)	153.90	-0.1	3.46	3.41	50.60	51.25	154.07	155.43	154.72	157.70	164.65	194.57	144.57	357.40	56.01
41	Miscellaneous (6)	69.40	-1.0	18.47	8.90	8.57	8.37	70.07	72.22	72.69	72.68	67.27	91.98	69.40	303.15	53.29
42	Investment Trusts (50)	149.83	-0.3		3.55	5.01	29.27	29.27	150.24	151.39	151.30	152.28	154.98	184.55	141.96	245.75	71.63
43	ALL-SHARE INDEX (650)	153.80	-0.1	—	5.97	—	--	153.58	154.27	155.03	157.45	154.60	172.64	150.59	228.18	61.92
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	473.88	-0.5	11.24	7.27	12.78	12.47	471.67	466.34	469.90	467.00	414.38	523.40	404.67	555.57	84.68
45	Teas (8)	138.64		50.59	8.54	4.46	4.51	138.64	139.31	139.31	138.58	100.06	140.44	117.89	140.44	39.72
46	Coppers (3)	229.34	+0.2	43.09	7.49	2.53	2.52	228.65	227.46	227.43	231.25	407.19	301.47	173.95	567.78	94.08
47	Mining Finance (11)	102.49	-0.4	10.35	4.92	10.89	10.81	102.94	103.97	104.03	105.60	135.53	119.77	86.18	175.90	50.51
48	Tins (8)	111.45	-0.4	11.55	8.13	12.99	12.83	111.01	111.31	111.77	112.95	98.45	115.14	86.09	125.45	54.83
49	Overseas Traders (13)	223.28	-0.2	14.85	4.63	8.76	8.75	222.91	223.28	225.40	226.98	214.72	254.47	222.75	254.47	97.27

	FIXED INTEREST	Tuesday, June 29 Index No.	Tuesday, June 29 Yield %	Monday June 28	Friday June 25	Thursday June 24	Wed. June 23	Tuesday June 22	Monday June 21	Friday June 18	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.86	13.95	13.94	13.84	13.85	13.92	14.01	14.00	14.68	—	—	—	—
2	20-yr. Govt. Stocks (6)	49.31	13.19	49.21	49.14	49.39	49.59	49.23	49.06	49.08	47.16	53.45	47.56	116.42	38.27
3	20-yr. Red. Deb. & Loans (15)	50.56	14.62	50.56	50.78	50.88	50.78	50.83	50.70	50.61	46.12	52.40	46.68	113.43	37.01
4	Investment Trust Prefs. (15)	49.08	14.11	48.56	48.87	48.09	48.02	47.86	47.73	47.73	42.28	51.23	45.45	114.41	34.45
5	Coml. and Indl. Prefs. (20)	67.20	14.03	67.12	66.93	66.76	66.72	66.57	66.56	66.27	60.25	71.97	62.76	114.95	47.67

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31 12 74	100.00	Food Retailing	29 12 67	114.13
Engineering (Heavy)	31 12 71	153.84	Insurance Brokers	29 12 67	96.67
Engineering (General)	31 12 71	153.84	Mining Finance	29 12 67	100.00
Wines and Spirits	16 1 70	141.76	All Other	10 4 62	100.00
Toys and Games	16 1 70	135.72			
Office Equipment	16 1 70	152.74			
Industrial Group	31 12 70	128.20			
Miscellaneous Financial	31 12 70	128.06			
Food Manufacturing	29 12 67	114.13			

† Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises 16, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
Shell Transport	25p	11	430	+ 2	462	378
ICI	£1	9	353	+ 5	402	328
Bass Charrington	25p	7	98	+ 3	114	68
Grand Met.	50p	7	67½	+ 2½	88	58½
Royal Insurance	25p	7	278	+ 1	332	266
Barclays Bank	£1	6	275	+ 3	350	265
"Bats"	25p	6	360	—	410	342
BP	£1	6	597	+ 2	685	575
Burmah Oil	£1	6	42	—	53	31
Distillers	50p	6	144	+ 1	158	139
Dunlop	50p	6	76	+ 2	98	69
Lloyds Bank	£1	6	215	—	266	205
Martin (T.)	10p	6	82½	+ ½	83	48
Allied Brew.	25p	5	66	+ 2	77	60½
Charterh'se 'New'	Nil pd.	5	3*	+ ½	4*	2½*

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e).

Option Report—3-month Call Rates

OPTION DEALING DATES First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 22	July 5	Sep. 16	Sep. 28
July 6	July 19	Sep. 30	Oct. 12
July 20	Aug. 2	Oct. 14	Oct. 26

... and City, Burmah Oil, Dunlop, National Westminster Bank Warrants, Charterhall Finance, British Car Auction, Plessey and Combined English Stores, while "doubles" were arranged in Burmah Oil, British Car Auction and Town and City.

[illegible]

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (9)

BRITISH FUNDS (1)
Exch. 13¼pc 1996
BUILDINGS (1)
Anglo-Am. Asphalt
CHEMICALS (2)
Brent Chems. Burrell
STORES (1)
Cope Sportswear
INDUSTRIALS (1)
Fogarty (E.)
OILS (1)
Oil Exploration
RUBBERS (1)
Malayalam
MINES (1)
Gopeng

NEW LOWS (38)

CANADIANS (1)
Brascan
BANKS (2)
Joseph (L.) Kleinwort Benson
BEERS (1)
Amal. Dist. Prods.
BUILDINGS (7)
Aberdeen Constrctn. SGB
Bonfield & Lorley Taylor Woodrow
Fairclough (L.) Tunnel 'B'
Marley
CHEMICALS (1)
Alida Packaging
STORES (2)
Audiotronic Cantors 'A'
ELECTRICALS (4)
Petbow Thorn Elect.
Pifco Do. 'A'
ENGINEERING (5)
Acrow 'A' Delta Metal
Brockhouse (J.) Wolseley-Hughes
Cronite
FOODS (1)
Assoc. British Foods
INDUSTRIALS (5)
Dykes (J.) RTD
Inter-City Whatley (B.S. & W.)
MacCarthys Pharm
PAPERS (3)
Inveresk McCorquodale
Ldn & Prov. Poster
SHOES (1)
Stylo
TEXTILES (1)
Foster (J.)
TRUSTS (2)
Charterhouse Suez Fin.
MINES (2)
Elsburg Western Deep

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	67	1	11
Corpns. Dom. and Foreign Bonds	1	—	63
Industrials	221	259	1,237
Financial and Prop.	83	89	397
Oils	5	8	22
Plantation	3	2	40
Mines	12	75	62
Recent Issues	3	8	36
Totals	377	[illegible]	1,878

BASE LENDING RATES

Allied Irish Banks Ltd.	10½%
American Express Bank	10½%
Anglo-Portuguese Bank	11 %
Henry Ansbacher	11 %
Banco de Bilbao	10½%
Banco de Jerez	12 %
Bank of Cyprus	11 %
Bank of N.S.W.	10½%
Banque du Rhone S.A.	11 %
Barclays Bank	10½%
Barnett, Christie Ltd.	12 %
Bremar Holdings Ltd.	11½%
Brit. Bank of Mid. East	10½%
■ Brown Shipley	11 %
Canada Permanent AFI	10½%
Cayzer, Bowater Co. Ltd.	11 %
Cedar Holdings	11 %
■ Charterhouse Japhet	11 %
C. E. Coates	11 %
Consolidated Credits	11 %
Co-operative Bank	*10½%
Corinthian Securities	10½%
Credit Lyonnais	10½%
G. R. Dawes	11½%
Duboff Brothers	11 %
Duncan Lawrie	10½%
English Transcont	11 %
First London Secs.	10½%
■ Antony Gibbs	11 %
Goode Durrant Trust	10 %
Greyhound Guaranty	10½%
Grindlays Bank	‡10½%
■ Guinness Mahon	10½%
■ Hambros Bank	10½%
Hawtin & Partners	13 %
■ Hill Samuel	§11 %
C. Hoare & Co.	†10½%
Julian S. Hodge	11½%
Hongkong & Shanghai	10½%
Industrial Bank of Scot.	10½%
Keyser Ullmann	11 %
Knowsley & Co. Ltd.	12½%
Lloyds Bank	10½%
London & European	11 %
London Mercantile	11½%
Midland Bank	10½%
■ Samuel Montagu	10½%
■ Morgan Grenfell	10½%
National Westminster	10½%
Northern Comm. Trust	11 %
Norwich General Trust	11 %
Portman Guaranty	9½%
P. S. Refson & Co.	10½%
Rossminster Accept'cs.	10½%
Schlesinger Limited	11 %
E. S. Schwab	12 %
Security Trust Co. Ltd.	12 %
Shenley Trust	12½%
Standard Chartered	10½%
Trade Development Bk.	10½%
Twentieth Century Bk.	12½%
United Bank of Kuwait	10½%
Whiteaway Laidlaw	11½%
Williams & Glyn's	10½%
Yorkshire Bank	10½%

■ Members of the Accepting Houses Committee.

* 7-day deposits 6½%. 1-month deposits 6½%.

† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½% and over £25,000 7½%.

§ Demand deposits 6½%.

‡ Call deposits over £1,000 6½%.

CORAL INDEX

Close 325-330

INSURANCE BASE RATES

† Atlantic Assurance	10½%
Cannon Assurance	9½%

MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Day-to-day credit appeared to be in short supply in the London money market yesterday, and the authorities gave assistance by lending an exceptionally large amount overnight to six or seven houses at Minimum Lending Rate. The market was faced with a net take-up of Treasury bills and settlements of gilts. There was also an increase in the note circulation. On the other hand, there were small bank balances brought forward and an excess of Government disbursements over revenue transfers to the Exchequer.

Discount houses paid 11-11½ per cent. for secured call loans initially, but in the afternoon, rates fell to between 5 per cent. and 9 per cent., suggesting that the shortage of credit was not as large as to warrant exceptional assistance from the authorities.

In the inter-bank market, overnight loans opened at 11½-11¾ per cent., and although 12½ per cent. was seen in places during the morning, rates by the close had slumped to around 4 per cent. Short-term fixed period interest rates showed little change again.

Rates in the table below are nominal in some cases.

June 29 1976	Sterling Certificates of deposit	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury Bills ⊕	Bank Bills ⊕	Fine trade Bills ⊕
Overnight	—	4-12¼	—	—	—	11¾	5-11½	—	—	—
2 days notice	—	—	11¼-11⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	11¼-11½	11¼-11⅜	—	11⅞-12	—	11-11⅜	—	—	—
One month	11½-11¾	11⅝-11¾	11¼	11½-10¾	11⅞-12	—	10¾-10⅞	10⅞-10⅞	11⅛-11½	11⅝-11⅞
Two months	11¼-11⅛	11⅝-11⅞	—	11½-10¾	11⅞-12	—	10¾-10⅞	10⅞	11⅛-11½	11¾-11⅞
Three months	11¼-11⅛	11⅝-11⅞	11¼-11⅜	11½-10¾	11⅞-12	—	10¾	10⅞	11	11¾-11⅞
Six months	11⅝-11¼	11¼-11⅜	11⅜-11½	11-10½	11⅞-12	—	—	—	10⅞-10⅞	11¾-11⅞
Nine months	11½-11	11⅞-11⅞	—	11¾-11¼	12¼-12½	—	—	—	—	—
One year	11⅝-11⅝	11⅝-11⅞	11⅞-12	12-11⅞	12½-12¾	—	—	—	—	—
Two years	—	—	12½-12¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 12¼-12½ per cent.; four years 12¾-13 per cent.; five years 13-13¼ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 10⅞ per cent.; four-month trade bills 11¾ per cent. Approximate selling rates for one-month Treasury bills 10¾-10⅞ per cent.; two-month 10⅞ per cent.; three-month 10⅞ per cent. Approximate selling rate for one-month bank bills 11 per cent.; two-month 11-11⅛ per cent.; and three-month 11 per cent.; one-month trade bills 11⅝ per cent.; two-month 11⅝ per cent.; and also three-month 11¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent. from June 1 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 6½ per cent. Clearing Bank Base Rate for lending 10½ per cent. Treasury Bills: Average tender rate of discount 10.9919 per cent.

هكذا من الأصل

FARMING AND RAW MATERIALS

U.K. aids Windwards bananas

By Our Own Correspondent

PORT OF SPAIN, June 29.

THE BRITISH Government has come to the rescue of the Windwards Islands banana industry which supplies 31 per cent. of the British market by promising to spend £4½m. ($ Eastern Caribbean 21.6m.) on reviving output over the next 4½ years.

The money, which will be channelled through the British development division offices in Barbados, will be used for the purchase of fertilisers, the erection of storage sheds, purchase of transport equipment, additional technical staff and other areas.

The Windwards banana industry, which is concentrated in the four islands of St. Lucia, St. Vincent, Grenada and Dominica, has suffered a series of setbacks in recent years which severely eroded its position on the British market.

Production fell from 120,000 tons in 1971 to 90,000 tons last year. Britain has already pumped an initial £2⅔m. ($EC12m.) into the industry since 1973 mainly for subsidising the price of fertilisers.

Japanese may delay lead stocks plan

TOKYO, June 29.

THE JAPANESE Ministry of International Trade and Industry is considering delaying lead stockpiling in a non-ferrous metal stockpiling programme for fiscal 1976 which started April 1 due to tight supplies of the metal, Ministry officials said.

But they denied overseas Press reports that the Ministry has already decided to delay lead stockpiling.

The officials said the Ministry will authorise the organisation of a non-profit making association, Japan Nonferrous Metal Stockpiling Foundation, probably in mid-July.

Under the national budget for fiscal 1976 the Government will guarantee 8½ per cent. loans from city banks totalling Yen 30,000m. for the stockpiling programme with subsidies of Yen 369m. to cover part of interest payments.

Of the total loans, the Foundation plans to use 80 per cent. for copper stockpiling, 10 per cent. for lead and zinc and 10 per cent. for aluminium.

At current market prices, the Government-controlled foundation is expected to buy 48,000 tonnes of copper, 3,000 tonnes of lead, 10,000 tonnes of zinc and 12,000 tonnes of aluminium. If lead stockpiling were delayed or substantially reduced the zinc stockpile would rise to about 12,000 tonnes. Reuter

Zinc prices rise on U.S. stockpile sales ban

BY JOHN EDWARDS, COMMODITIES EDITOR

CONFIRMATION THAT the U.S. stockpile objective for zinc had been raised, and long-term sales contracts with producers cancelled, helped bring a general rise in metal prices yesterday on the London Metal Exchange.

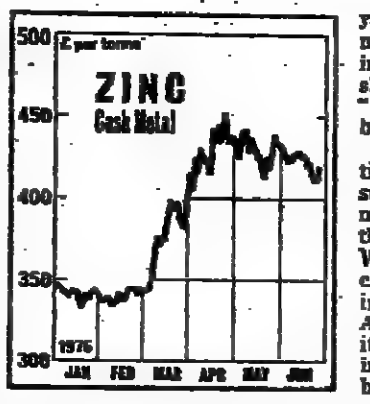
Zinc was naturally most affected, with the cash quotation gaining £6.75 to £419 a tonne despite the continued ban on private speculative business.

The U.S. stockpile move, believed to be the result of pressure from domestic producers, has renewed expectations of a rise in the U.S. producer price in the near future which in turn could result in a European producer increase as well.

The stockpile authorities said that the stockpile objective for zinc had been raised from 202,700 short tons to a new target level of 374,830 tons—the amount currently held. This means that a move to gain Congressional approval for disposal of the 172,130 tons "surplus" to requirements will now be dropped and so will contracted sales to producers.

Apart from the obvious impact of removing a potential source of supplies from the market, there is a more direct link with producer prices. Because of ample stocks held by producers the stockpile authorities have made no deliveries against long-term contracts since December 1974.

But under this arrangement, before the cancellation of the contracts, if a producer raised his selling price he was then obligated to buy his full quota from the stockpile in the following quarter.



Metal dealers in London were doubtful whether the reaction to the stockpile news was justified in view of the ample supplies of zinc still available, especially in Europe where demand remains sluggish.

Copper prices were also encouraged to rise yesterday by rumours of an impending U.S. producer increase shortly and an increase in U.S. market values following further unrest in Lebanon. However, the latest report from the American Bureau of Metal Statistics estimated that U.S. fabricator copper stocks in May rose to 468,000 short tons compared with 440,800 at end April and 452,100 at the end of May 1975.

Meanwhile, it was reported that world copper industry leaders meeting in London yesterday had agreed unanimously that an independent inter-Governmental organisation should be set up to examine "excessive price fluctuations and buffer stocks."

The talks between representatives of leading copper consumers, mining groups and state marketing boards was held under the auspices of the International Wrought Copper Council to discuss the role industry could play in price stabilisation measures. An official statement issued said it was appreciated national or international buffer stocks could be useful in moderating excessive price fluctuations, but decisions on these matters could only be implemented by Government action.

In the tin market the slight fall in the Penang price overnight was below expectations and brought a firm tone to London which was maintained throughout the day. The present International Tin Council has its last meeting to-day prior to the entry into force of the new pact on Thursday, if approved by sufficient members.

There is special interest in the size of the buffer stock holdings which it is thought may have to be revealed to the Council in order to facilitate their transfer to the new Agreements. Estimates of the holdings vary widely from over 10,000 to under 5,000 tonnes, and details of the actual amount held could have a strong impact on the short-term trend of prices at least.

World food supply prospects brighter

WASHINGTON, June 29.

U.S. GOVERNMENT analysts say current prospects point to a general easing of previously tight world food supplies in the coming year, reports UPI. But they warn their forecasts are "very tenuous" and depend on weather conditions over the next few months.

The report, based partly on recently released new estimates of world grain production, said current projections indicated 1976 grain crops will not be as big as expected earlier but will be up from 1975.

"This suggests that the tight international grain situation of the last four years has begun to ease," the report said. "The first forecast of output has been lowered somewhat because of reduced prospects in parts of western Europe and the USSR, but both are expected to show increases over last year."

They said carryover stocks of grain from the 1976-77 marketing season which ends in mid-1977 are forecast well above the "skimpy" level of the last three years.

Some countries will reduce grain imports because of increases in domestic production, but general economic recovery which tends to strengthen food demand may counter part of the downtrend in import demand.

Grain feeding of livestock and poultry to produce meat and other livestock foods is likely to increase in many countries because grain supplies are up and livestock prices have improved. The Soviet Union, however, remains one of the few major countries which may increase meat imports.

Strikes hit Australian wool and grain

SYDNEY, June 29.

A SUDDEN strike by 300 wool storemen at Sydney container shipping terminals halted wool exports to-day.

The strike, which is expected to spread, followed dissatisfaction by storemen over a pay award.

The stoppage comes after an earlier strike this year which held up wool exports worth $300m.

Other strikes involving a number of unions stopped shipments of New South Wales grain exports from Sydney and Newcastle yesterday and to-day, Grain Elevator Board sources said.

The strikes are delaying shipment of about 100,000 tonnes of wheat and sorghum and follow a series of strikes at the Sydney and Newcastle terminals which prevented shipment of over 200,000 tonnes in recent weeks.

Farm land sales rise continues

By Peter Bullen

THE SUBSTANTIAL increase in sales of agricultural land in the last quarter of 1975 was well maintained in the first three months of this year, the Ministry of Agriculture said yesterday.

Its quarterly report on land sales noted that there were 50,200 transactions involving 116,000 acres (47,000 hectares) compared with 48,500 involving 111,000 acres (45,000 ha) in the previous quarter.

The average selling price showed little change at £433 an acre (£1,071 per hectare) compared with £438 (£1,082) in the last three months of 1975. The average price paid for land with vacant possession was up from £456 (£1,126) to £477 an acre (£1,178 per ha) while the average for tenanted land fell from £328 (£811) to £308 (£760).

As usual the Ministry points out that because of the delay between the fixing of the agreed price and the date on which it is notified to the Inland Revenue, the figures may not reflect the current market position.

Cotton stocks fall forecast

WASHINGTON, June 29.

THE International Cotton Advisory Committee forecast world cotton carryover on August 1 at only 21m. bales which, it said, would be sufficient to cover no more than four months' anticipated consumption next season.

The carryover at the beginning of the present season equalled about 5.6 months' consumption needs.

The committee, an inter-Governmental organisation of cotton-producing and consuming countries, said the low stocks point to the necessity of a substantial increase in world production in 1976-77, especially since demand for raw cotton could increase.

The committee noted there are numerous indications that next crop plantings are expanding globally, with a considerable increase in the U.S., where an even bigger increase than the expected 16 per cent. expansion over 1976 has been suggested.

While lesser expansions have occurred in several large producing countries such as Mexico, central American republics, Pakistan and Greece, late reports from Iran indicate a possible "dramatic" rise.

On the other hand, a decline will take place in some countries, such as Turkey and Syria. On balance it predicted a moderate gain in global acreage. Reuter

BRAZIL COCOA

Why Temporao crop was underestimated

BY SUE BRANFORD, RECENTLY IN SALVADOR, BAHIA

FARMERS AND TRADERS are in good spirits in the State of Bahia in the north-east of Brazil which is responsible for 95 per cent. of the country's cocoa production.

The "temporao" crop, which is beginning to be harvested now, is well up on the initial forecast of 90,000 tonnes. "We underestimated the crop by about a fifth," said Dr. Paulo Alvim, scientific director of Ceplac, the executive commission of the cocoa cultivation plan.

"We are now thinking in terms of 108-110,000 tonnes. But it was a plain mistake, not an attempt to manipulate world prices. Our data collecting system is highly subjective. We go and talk to a number of farmers who give us their opinions.

"We are developing the pod count method, but as yet our data bank is inadequate. The subjective method has worked well in the past, but this year the farmers were afraid of prices dropping and underestimated their crops. We did not take this into account."

The general climate of optimism also stems from world prices, which have rocketed. Last June, the Brazilian traders were selling for around £440 per tonne on the London market. This year, they are getting almost three times this price.

Brazil's crop year goes from May to April and the first harvest—the "temporao"—is collected from May to September. Then, in October, the normal crop begins to be harvested. Despite the names, annual production is equaly divided between the two harvests.

Thanks in part to new plantings—but also to lucky weather, according to Dr. Alvim—Brazil's cocoa bean production has risen quickly in recent years. From 167,000 tonnes in 1971-72 and 162,000 in 1972-73, it rose to 246,000 tonnes in 1973-74, 266,000 in 1974-75 and to an estimated 270,000 in 1975-76. Revised predictions suggest 240,000 tonnes for the two crops this year.

Crushing

Like other producing countries, Brazil is grinding increasingly large quantities of its beans inside the country. Whereas in 1970 it processed 55,200 tonnes of beans into chocolate liquor and cocoa butter, cake and powder, by 1975 it was handling 84,000 tonnes.

An impressive leap in beans ground inside Brazil is planned. When the projects come on stream by 1980-81, Brazil will have a crushing capacity of approximately 200,000 tonnes—well over twice its present level.

Doubts can be raised as to the viability of such rapid expansion, from the point of view of both adequate world demand for the cocoa products and sufficient supply of beans from the Brazilian farmers.

Experienced traders in Salvador do not believe that, in the foreseeable future, Brazil can send more than half of its cocoa exports in the form of products, rather than beans. Chocolate manufacturers in Europe and the U.S. have installed capacity for crushing that needs to be satisfied. Although the manufacturers may gradually switch over to directly importing chocolate liquor, this change takes time.

Whereas 110,000 hectares of the new land will be situated in Bahia, Ceplac is also planning to plant large areas in the Amazon region: 100,000 hectares in Rondonia, and 70,000 hectares in Para and Amazonas. Dr. Alvim enthusiastically supports the new plans: "The cocoa farms in the Amazon will probably be the only cases of successful colonisation projects in tropical Brazil. The soil in the selected areas is very fertile and the farmers will be producing a cash crop that can break the vicious circle of subsistence agriculture."

However, some traders in Salvador are sceptical: "No-one can doubt the technical viability of the projects. But what about the economic viability," was the reaction. "The areas are thousands of miles away from the ports, the processing plants and the consumer centres. Will cocoa prices remain sufficiently high to compensate such heavy transport costs?"

GHANA IS TAKING steps to boost its cocoa production and should reach an annual output of more than 500,000 tonnes in the time period of the 1980's, from the current 400,000 tonnes, Mr. Samuel E. Quarm, Ghana Ambassador to the U.S., told a raw materials and international financial policy symposium in New York, reports Reuter.

Mr. Quarm said there is concern that Ghana is losing its leadership position as a cocoa producer. He noted the World Bank and importers have also expressed concern about what they consider the low price paid to the Ghanaian farmer.

He claimed the solution to price stability lies in an international cocoa agreement which "would not only assure a reasonably fair price to the producer but also assure continued supplies to the consumer."

He regretted that the U.S., the largest single consumer of cocoa, alone among consumers should not be a party to the agreement.

The Ambassador added that importers have nothing to fear from the agreement since "we have given assurances of our determination to increase production."

Mr. Quarm noted that sooner or later the "vexed problem of commodity pricing will have to be tackled head-on within the general context of the new economic order."

The integrated programme of agreements covering 18 commodities proposed at UNCTAD Four in Nairobi remains of paramount importance, he added.

Another problem is ensuring an adequate supply of beans from the farmers. To this end, Ceplac is planning a large increase in production. Under the new programme, Procacau, to be published shortly by the Government, the present area of 400,000 hectares under cocoa cultivation is to be increased by another 300,000 hectares. By 1984/85, Ceplac plans for national production to have almost trebled to 700,000 tonnes, placing Brazil way ahead as leading world producer. Part of the increase should come from technical advances, with the growing use of more productive hybrid varieties of more productive hybrid varieties, greater application of fertilisers and less shade trees on the plantations.

Even if Ceplac's plans are successfully carried out, Brazil may well face a temporary shortage of beans for grinding. Even the new hybrid trees take three years before they produce well and most of the new grinding projects should come on stream before the end of the decade. If Brazil is to continue sending half of its cocoa exports abroad in the form of beans and if the grinders are able to work at full capacity, Brazil needs to increase production to 400,000 tonnes by 1980-81. This will be an extremely difficult goal to achieve.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Turned upwards on the London Metal Exchange. Encouraged by the firmer U.S. market overnight and helped by fresh speculative demand and end-month pricing operations, forward metal opened at £928 in pre-market dealings and moved steadily higher to £927. The market was given fresh impetus by rumours of the possibility of a rise in the U.S. producer price early next month and forward metal traded at £930 before ending at £927 on the afternoon Kerb. Turnover 21,450 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Wirebars				
Cash	893.5-4.5	+5.75	894.5-5.5	+5.5
3 months	925-.5	+5.5	927-.5	+6
Settlem't	894.5	+5.5	—	......
Cathodes				
Cash	883.5-4.5	+7.25	882-3	+4
3 months	915-6	+6.75	914.5-5.5	+4.5
Settle'm't	884.5	+7.5	—	......
U.S. Smt.	—	......	*70	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £894.5, late Sept. £892, three months £922, 23, 24, 24.5, 25, 26, 27, 26.5. Cathodes: cash £883.5, 84, three months £916. Kerb: Three months £926.5, 26, 26.5, 27. Afternoon: Wirebars: three months £929, 29.5, 28, 28.5, 27.5, 27, 26.5, 27, 27.5, cathodes: three months £914.5. Kerb: Three months £926, 26.5.

TIN—Firmer. The fall in Penang overnight being less than has been expected in view of the decline in the London market on Monday, prices moved higher from the outset owing to speculative buying and covering against European physical demand. Forward standard metal ended at around the day's highest of £4,558 on the afternoon Kerb. Turnover 2,220 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade £		£	£	£
Cash	4400-3	+54	4425-30	+32.5
3 months	4535-40	+55	4555-8	+30
S'ment	4403	+55	—	......
Standard				
Cash	4398-400	+51.5	4425-30	+32.5
3 months	4535-40	+55	4555-8	+36
S'ment	4400	+50	—	......
Straits E.	161171	—3	—	......
New York	—	......	358.00	+0.12

Morning: Standard: cash £440, three months £4,530, 30, 35. High Grade: cash £4,465, 65. Kerb: Standard: three months £4,540, 45, 45, 40, 30. Afternoon: Standard: three months [illegible]

LEAD—[illegible]

ZINC—[illegible]

[illegible]

COFFEE

[illegible]

RUBBER

SLIGHTLY STEADIER [illegible]

SILVER

Silver was fixed [illegible]

SOYABEAN MEAL

[illegible]

COCOA

After absorbing moderate long liquidation, prices closed little changed on most positions. [illegible]

GRAINS

[illegible]

FREIGHTS

DRY CARGO—[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

Lamb: English small 36.0 to 44.0, medium 40.0 to 42.0, heavy 38.0 to 40.0, frozen NZ PL 30.0 to 29.5, NZ PM 26.5 to 31.5, NZ PH 23.5 to 24.0.

Ewes: 14.0 to 18.0.

Pork: English, under 100 lbs 36.0 to 32.0, 100-120 lbs 26.0 to 30.0, 120-160 lbs 25.0 to 32.0, 160-180 lbs 26.0 to 30.0, 180 lbs and over 25.0 to 28.5.

MEAT COMMISSION average fatstock prices at representative markets on June 29: G.B. Cattle £27.20 (−1.43); U.K. Sheep 44.1p per pound e.d.c.w. (−2.11); G.B. Pigs £3.57 per sc.l.w. (−0.47). England and Wales—Cattle numbers down 12.6 per cent., average £26.73 (−1.40); Sheep down 0.5 per cent., average 44.2p (−2.0); Pigs down 5.9 per cent., average £3.83 (−0.44). Scotland—Cattle down 9.5 per cent., average £28.36 (−1.59); Sheep up 168.2 per cent., average 42.4p (−3.1); Pigs down 39.5 per cent., average £4.47 (−0.61).

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 418 tonnes bringing the total for the week so far to 819 tonnes. Fair pressure for supplies continued despite the high level of values. Most users were searching for suitable quantities of Middle Eastern and S. American varieties reports F. W. Tattersalls.

JUTE

LONDON—Quiet. Bangladesh White "C" grade June-July $380, "D" grade June-July $362 a long ton.

DUNDEE—Quiet. Prices c and f U.K. for Aug.-Oct. shipment. BWB £224, BWC £210, BWD £201. Tossa: BTB £225, BTC £211, BTD £203. Calcutta goods firmer. Values c and f U.K. for June shipment: 10oz 40in £8.19, 7½oz £6.32 per 100 yards. July £8.22, £6.35. Aug.-Sept. £8.37, £6.38. "B" twills £21.71, £22.42, £23.20 for the respective shipment period. Yarn and cloth prices very firm.

COPRA—Philippines: July $255 ($250); August $270 (same) resellers a tonne c.i.f. North European ports.

HIDES—Birmingham: Generally firmer. Good clearance eventually. Second clear ox 31-35½ kilos 47.4p per kilo; 26-30.5 kilos 53p; 22-25.5 kilos 52.7p. Light cows 56.5p withdrawn (cleared privately 57p-[illegible]

New year start

TORONTO, June 29.

INDONESIA'S FIRST major nickel plant, being built by a majority-owned subsidiary of Inco, will be officially opened next January. Reuter

PRICE CHANGES

Prices per ton unless otherwise stated.

	June 29 1976	+ or —	Month ago
Metals			
Aluminium (a)	£456	......	£456
Free Market (cif)	$920-945	......	£475-480
Copper			
Cash Wire Bars (a)	£895	+5.5	£864.25
3 months do. do. (a)	£927.25	+5	£895
Cash Cathode (a)	£882.5	+4	£853.75
3 months do. do. (a)	£915	+4.5	£884.25
Gold ...... Troy oz.	$125.625	−0.6	$127.625
Lead Cash (a)	£269.75	−2.25	£272.5
3 months (a)	£281.25	−2.5	£282.75
Nickel (a)	£2.776	......	£2.776
Free Market (cif) (lb)	$2.05-2.2	......	$2.05-.02
Platinum troy oz.	£94.5-100	......	£88½-94½
Free Market	£95.7	−0.7	£91.8
Quicksilver (76lbs)	$83-88	......	$82.87
Silver Troy oz.	264.25p	−1.1	266.4p
3 months	272.75p	−1.2	274.6p
Tin Cash (a)	£4427.5	+32.5	£4,555
3 months (a)	£4556.5	+30	£4,477.5
Wolfram 22.04lb cif	$62-63.5	......	$60½-62½
Zinc Cash (a)	£419	+6.75	£433.5
3 months (a)	£455.675	+6.625	£450.125
Producers (a)	$795	......	$795
Oils			
Coconut Malayan	‡	......	‡
Groundnut			
§......	£419	......	£371
Linseed Crude (a)	£417	......	
Palm Malayan (a)	$405	......	£352
Soyabean (a)	‡	......	
Seeds			
Copra Philipp (a)	$270	......	$220
G'nuts Nigerian	‡		
Linseed Can No. 1	£205	+3	£183½
Grains			
Barley EEC	£75.75	......	£74.75
Home Futures	£75	−0.05	£70.55
Maize			
French No.3 Am.	£76	......	£74
S.A. Yellow		......	
Wheat			
No. 1 Red Spring		......	
No.2 Hard Winter		......	£95.2
Australian (a.q.)			
English Milling	£81.5	......	£77
Cocoa Shipment (a)	£1551	−3	£1.516.5
Futures Sept	£1187.5	−10	£1.152.5
Coffee Shipment (c)			
Futures Sept (a)	£1573	+8	£1.441
Cotton 'A' Index			
cent	85.8*	−0.7	71.9*
Jute LJABWC (d)	$380	......	£217
Rubber kilo	50p	+1	52p
Sisal EA 5L (a)	$600	......	$600
Sugar (Raw)	£180	−5	£186
Woollops 64s kilo	262p	......	254p
Cloves Madagascar	£3,350	......	£3,400
Pepper White ton	£1,140	......	£1,070
Black ton	£945	......	£885

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. a Seller's quotation. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." h Jan.-March. r Sept. u Metric tons.

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

GRIMSBY FISH—Supply good, demand fair. [illegible]

U.S. Markets

Late rally by metal futures

NEW YORK, June 29.

METAL futures rallied sharply late in the session bolstered by local short-covering and Commission stop-loss buying. Sugar and coffee ended the session lower as Trade hedge selling weighed on prices. Cocoa closed mixed on scattered Trade and Commission House activity. Commercial hedging overpowered speculative buying in Chicago to-day as grain futures and soyabeans eased across the board, Bache reports.

Cocoa—Ghana spot 107 (108½). Bahia spot 100 (100½). July 94.35 (93.40), Sept. 91.45 (90.50), Dec. 84.00, March 79.51, May 76.19, July 73.20, Sept. 70.75. Sales: 1,319.

Coffee—"C" Contract: July 150.30-151.00 (152.20), Sept. 151.70-151.40 (152.90), Dec. 147.50, March 142.40-142.30, May 141.31-141.50. Sales: 456.

Copper—July 72.60 (71.30), Aug. 73.30 (72.00), Sept. 73.00, Dec. 75.70, Jan. 76.30, March 77.20, May 78.00, July 78.70. Sales: 4,270.

Cotton—No. 2: July 84.40-84.80 (85.1), Oct. 85.35-85.55 (84.70), Dec. 81.15-81.5, March 80.00-80.30, May 78.00, July 74.00, Oct. 68.25-68.50, Dec. 63.03-63.50. Sales: 4,300.

Gold—July 123.50 (123.40), Aug. 124.10-(124.00), Sept. 124.70, Oct. 125.20, Dec. 126.30, Feb. 127.60, April 129.00, June 130.40, Aug. 131.90, Oct. 133.40. Sales: 1,132.

Greasewool—Spot 161.0 nom. (same), July 174.0-180.0 (175.0), Oct. 178.0-183.0 (181.0), Dec. 180.0-184.0, March 180.0-185.0, May unquoted.

Lard—Chicago loose 17.50 nom. (17.25 nom.). NY prime steam 19.25 (18.75).

Maize—July 282½-292 (299), Sept. 287-288 (292½), Dec. 279½-275½, March 286½-287½, May 293-292½, July 296.

Platinum—July 173.50 (172.30), Oct. 177.50 (176.10), Jan. 181.20, April 184.30, July 187.60 bid, Oct. 190.50. Sales: [illegible]

Silver—Spot 472.00 (472.00), July 480.90 (470.70), Aug. 483.50 (473.20), Sept. 484.20, Dec. 488.40, Jan. 495.80, March 500.70, May 505.70, July 511.00, Sept. 516.40. Sales: 14,476.

Soyabeans—July 658-664 (668½), Aug. 670-671 (672½), Sept. 677-678, Nov. 685-687, Jan. 695-694, March 700, May 703-702, July 705-705½.

Soyabean Meal—July 195.00-197.50 (195.20), Aug. 200.00-199.00 (196.50), Sept. 200.00-200.50, Oct. 200.00, Dec. 200.00, [illegible]

Soyabean Oil—[illegible]

Sugar—[illegible]

Tin—[illegible]

Wheat—[illegible]

WINNIPEG, June 29. [illegible]

KENYA AND THE U.S.

The odd man out buys arms from the Americans

BY JOHN WORRELL, Nairobi Correspondent

A DETERMINED private enterprise economy has made Kenya the "odd man out" in English speaking sub-Saharan Africa for a long time. The recent $75m. arms deal with the U.S could push it into an even more isolated position.

Kenya has strong pro-western leanings and does not suffer from the anti-American syndrome common in many other African countries, where the West, and specially America, is synonymous with "neo-colonialism" and "imperialism." Strongly anti-communist, Kenya thinks rather poorly of the socialist experiments going on in countries all round it. In Nairobi the Russian and Chinese embassies maintain a very low profile, and Kenya's trade with Communist countries is small by comparison with its trade with the West.

Jomo Kenyatta

The West chosen

The veteran Kenyan leader, President Jomo Kenyatta, fixed the orientation long ago. Proud of having rebelled against colonial rule, Kenya feels it is entitled to choose its bedfellows and arms suppliers without interference or comment from anybody else. Long ago Kenya chose the West rather than Russia or China, and since Independence Britain has met almost all her Kenyan arms requirements.

All this, and ideology too, makes Kenya rather lonely in Africa. To the north Somalia pursues a policy of "scientific socialism" Ethiopia is groping towards a very muddled kind of Marxism under a military government. Sudan is nominally socialist. To the south Tanzania is working out a tough brand of African socialism. Uganda, under President Idi Amin, is a law unto itself.

Somalia and Uganda are armed to the teeth by the Soviets. The Sudan was armed by Russia, but fell out with the Russians later. The Ethiopians are armed by the U.S., but the overthrow and subsequent death of President Kenyatta's old friend, Emperor Haile Selassie, the military takeover, and the imposition of socialist policies of a kind have caused Kenya to keep its distance.

All this made Kenya the obvious choice when Dr. Henry Kissinger, the U.S. Secretary of State, made his recent swing through Africa intent on improving the U.S. image—and apparently looking for a country in which to lodge an American military presence. Kissinger found a genuinely warm welcome in Kenya. He and President Kenyatta struck an accord which ranged over the whole future of U.K.-Kenya relations, including a firm understanding that the U.S. would materially help to solve Kenyan defence problems.

Kenyon fears of the Russian arms build-up in Somalia in particular struck a sympathetic chord in the U.S which has been equally concerned about the Soviet missile bases in Somalia and their potential threat to U.S. interests in the Indian Ocean. Hitherto the U.S. has confined its response to building up its naval and air base at Diego Garcia.

Combat planes

The recent visit of Mr. Donald Rumsfeld, the first visit by any U.S. Defence Secretary to Africa, led to a $75m. deal with Kenya to re-equip its air force with brand new sophisticated combat planes, 12 Northrop F5s, said to be a match for the Soviet Mig 21 possessed by both Uganda and Somalia. The deal is subject to congressional approval.

The F5s are to replace Kenya's rather rundown squadron of elderly British Hawker Hunters. Some of the F5s are to be delivered early next year. U.S. military experts are to arrive soon to set up the ground infrastructure and a training programme for Kenya pilots.

The deal will cause many African eyebrows to be raised. President Amin has already found more ammunition for his allegations that Kenya is in the grip of "imperialist exploitation."

So far there is no suggestion of any military pact between the U.S. and Kenya, though it is being suggested that Washington has discussed with the Kenyans some special naval facility at Mombasa in the event of military contingencies making it necessary. Kenyan observers say that any arrangements of this nature made with the Americans must not carry any suggestion that any kind of U.S. military base is being set up on the continent.

American presence

But the fact that the Kenyans have entered into the deal must carry with it the likely build-up, at least for a year or so, of a considerable American presence at the air force base at Nanyuki. Runways will have to be enlarged, room found for American air force personnel, and there will be a regular traffic of American aircraft to and from Kenya. Oddly, the Kenyans have made no statement of any kind on the U.S. deal, but the Americans were very swift off the mark in revealing all, or almost all. That was not, I am told, with the complete concurrence of the Kenyan Ministry of Defence.

ENTERTAINMENT GUIDE

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FINANCIAL TIMES SURVEY

Wednesday, June 30, 1976

ALBERTA

A Canadian province flowing in oil and honey is building up its wealth on a judicious mixture of resource exploitation, greater depth of manufacture, and traditional farming pursuits. Immigrants and world bankers are welcome if they fit in.

Energy assures rapid growth

By W. L. Luetkens

AN AIRLINE jet flies 7 hours 55 minutes from London to Toronto. Another 3 hours 30 minutes will get you to Edmonton, capital of Alberta in western Canada. But if you fly direct from London, the journey to Edmonton will take only 8 hours 20 minutes.

Edmonton, in other words, is closer to Toronto than to London, but not as much as one might think. Western Canada has always been suspicious of the East, for many decades the rich cousin. Alberta retains to this day an affection for the monarchy and for the Union Jack: it is no coincidence that their greatest public advocate in Canada, Mr. John Diefenbaker, the former Prime Minister, represents an Albertan constituency—and incidentally, like a large number of Albertans, is not of British descent.

Essentially, what the West has set its heart upon is to be a power in its own right within Canada. The distances in so huge a country really demand that: the federal constitution lends itself to it; and the oil and gas discovered in Alberta before the war but only coming into their own since, especially after the steep increase of energy prices in this decade, have provided the necessary base.

Add to that the emergence of one of the most dynamic politicians in Canada in the person of Mr. Peter Lougheed, Premier of Alberta since 1971 at the head of an overwhelming parliamentary majority renewed last year, and you have most of the ingredients that have turned a sleepy agricultural province into one of the growth areas of the world. Last year Alberta did better than Canada's zero growth (in itself not too bad a performance); this year the province should comfortably outpace Canada's hoped for 5 per cent. to 6 per cent. growth by up two percentage points.

Foundation

The foundation for all this activity—apart from respectable farm earnings — is energy, energy, and energy again, with ancillary activities such as a thriving construction industry and an infant petroleum chemistry industry carried along with it.

There is oil, there is gas, there are vast quantities of coal—and there are the Athabasca tar sands, an almost mythical source of oil for the future, perhaps even the near future, if the methods and the money can be found.

The word in Edmonton is additional depth of manufacture—do not sell gas and oil if you can sell ethylene, plastics, and plastic goods. It is a familiar cry heard elsewhere, and — as elsewhere — it has brought relays of industrialists and bankers from other countries on visits to what the Americans have christened the Sheikhs of the North. A new Canadian charter bank has been founded at Edmonton with British and French capital in it: the Japanese are sponsoring a petroleum chemistry proposal in partnership with a Canadian company: German exporters (and buyers of farms) have come swarming through.

Skyscrapers have shot up in Edmonton and its rival town of Calgary, where the majority of the oil men are: both towns are working on public transport systems in addition to the buses which Canadian towns, unlike their U.S. neighbours, have maintained in an efficient condition.

Nobody can seriously pretend that either Calgary or Edmonton are models of town planning. But they are neat, and despite the astonishing density of the family houses in suburban districts, the city fathers have palpably been trying to pay some respect to aesthetics in recent years. There are some fine new public buildings amid the concrete jungles and the depressing business streets of pre-1960 business North America.

Even by the standards of the continent Alberta is still young: 100 years ago the trappers' era was barely over and immigrant farmers had only just begun to take over their quarter square mile sections of land. The railway was not going to reach Alberta before 1884, and the Indian rising of 1885 was yet to come. The settlers came largely from Britain with a strong admixture of Ukrainians and Germans (now the second largest component in the Albertan population of 1.8m., and a prominent sectarian element).

Ethnic

Alberta still takes kindly to immigrants. Mr. Horst Schmid is the only postwar immigrant into Canada to have achieved ministerial rank. At times the ethnic mixture becomes a bit confused: what is one to make of the Edmonton restaurant advertising Canadian and Chinese *smorgusbrod*?

Not surprisingly all this has added up to a boom in real estate; the price of a house in Edmonton tripled inside four years. But after the exposure of some sharp practice the market seems to have reached a peak, and other prices compare quite favourably with those elsewhere in Canada. There is no sales tax, and the top rate of federal and provincial income tax combined is about 59 per cent. on taxable income in excess of \$60,000—the lowest rate in Canada. If you want to take the long-term view — well, Alberta gets by without death duties.

If you ask Albertans, immigrant or Alberta-born, why they like it there, the answer will almost invariably be that there are opportunities for the dynamic, more than adequate recreation facilities with National Parks and ski pistes in the Rocky Mountains. But if you ask about the winter, most people give a shudder. In Edmonton the mean maximum temperature over a period of January has been 12 deg. F.

Fortunately the Lougheed government, despite its addiction to free enterprise and the market economy, has seen to it that Albertan domestic consumers get their heating gas for less than half of what Torontonians must pay. Being members of the Progressive Conservative Party, Ministers are entitled to have it both ways.

But then, having it both ways is the art of politics. Maybe that explains why, in Calgary, you can occasionally spot a Volkswagen beetle with a simulated Rolls Royce grille in place of the usual squat snout.

In a manner of speaking the entire Alberta trick is trying to have it both ways: grow rich on your natural resources—but don't merely strip them out: set up manufacturing industry, but don't produce a Black Country. Attract immigrants, but not too many (and preferably those who will feel at home in the cultural mix of Alberta).

The Cabinet seems to be envisaging a population growth of, say, 3 to 3.5 per cent. a year. That would bring the population up to 2.5m., not exactly a crowd in 10 years—by which time the conventional oil reserves will be beginning to run out (though not the natural gas)—and double it to 3.6m. in 20 years. It is one way to keep up your *per capita* income.

At present almost half the population is concentrated in Calgary and Edmonton: Mr. R. W. Dowling, the Minister of Business Development, has set himself the task of creating "20 Red Deers," meaning 20 towns in the 2,000 to 3,000 inhabitants range. In other words, small is beautiful—a theory reflected in the incentives to industry granted or contemplated: they are aimed at small business. Details are available, together with stacks of printed information about the province and its industrial ambitions, from *Albert House in London*.

When it comes to attracting the big boys, the Lougheed Government is relying mainly upon its gas and oil as the lure. Canada has tightened up on foreign investment, but when it comes with Canadian partners and with the backing of a provincial government the obstacles should not be insurmountable.

Partners

Two ready-made partners already exist—the privately owned Alberta Gas Trunk Line (1975 sales of \$140m.), which is diversifying from the business of moving natural gas within Alberta: and the Alberta Energy Company, a recent foundation half owned by the provincial Government and half by Albertan citizens who subscribed \$75m. to a public issue last year. AEC has begun developing a gas field and has made proposals awaiting official sanction for a \$255m. benzene plant in partnership with Mitsubishi and two Canadian companies.

AGTL in partnership with Dow and Dome is on the point of going ahead with a \$1.5bn. proposal to extract ethane from natural gas and turn it into ethylene. Proposals already exist for part of that output to be turned into PVC. Clearly Alberta is too small a market to justify the expenditure for the moment the marketing men are looking to the western Canadian market, the north west of the U.S. and the Pacific rim. It is their luck that Texas is running out of natural gas so that the availability of feedstock in Alberta will make up for the admittedly lower labour productivity, and the frequently high cost of capital—not to mention the winters.

Western Canadians have long believed that the big Canadian banks from their headquarters in Montreal and Toronto serve them poorly. Be that as it may, the boom has attracted new banking talent to Edmonton. The young Bank of British Columbia, which has given itself a pronouncedly western image, has brought a new wind of competition: regional offices of the eastern bank appear to have been given greater autonomy to respond.

Then there is the newly chartered Canadian Commercial and Industrial Bank in Edmonton with 10 per cent. shareholdings in the hands of Warburgs and Parisbas. (The most the law will allow is 25 per cent. foreign shareholdings in a Canadian bank.) It will stay out of the retail market and concentrate upon merchant banking for which there clearly is a need for the billion dollar schemes that abound in Alberta, and upon developing a money market in the Canadian and U.S. West. Similar tactics may be expected from the new Northland Bank, a foundation of the Albertan co-operatives which is rumoured also to be looking around for a foreign shareholder.

The biggest financial institution of them all may turn out to be Mr. Lougheed's Heritage Fund, into which he is paying 30 per cent. of the provisional revenues from non-renewable natural resources. In ten years it should be between \$5bn. and \$8bn. For purposes of comparisons aggregate private and public investments in the province last year was around \$5bn.

The main purpose of Heritage Fund is to invest in ventures offering a fair return and promising to improve the economic structure of the province. Up to 20 per cent. may go into infrastructure, and up to 15 per cent. may be lent at interest outside Alberta. And incidentally, though the allocation of money to the Fund requires approval by the legislature, the expenditure of the money will not. Neat executive thinking.

STATISTICS

Area	2.55m. sq. miles
Population (1975)	1.75m.
GDP (1974)	\$Can.12bn.
including	
Mining	48 per cent.
Agriculture	18 per cent.
Construction	16 per cent.
Manufacturing	15 per cent.
Manufacturers' shipments (1975)	\$Can.3.9bn.
Farm cash receipts	\$Can.1.9bn.
Producible remaining recoverable reserves of	
Conventional crude oil	6bn. barrels
Marketable natural gas	51,270bn. cu. ft.
Coal	11bn. short tons

Society embraces a mix of styles

THE STEREOTYPE image of an Albertan in many minds, at home and abroad, is still that of a pot-bellied businessman stuffed into blue jeans, cowboy hat and boots for the Calgary Stampede week.

As recently as May, this image was caricatured, in apparent seriousness, by the magazine columnist, Allan Fotheringham. He wrote in Maclean's that the key to understanding Alberta is androgen—the male sex hormone "Alberta" he claimed, "is the male animal in a swagger."

Anyone who takes the trouble to examine lifestyles in Alberta with a little care will realise that the line was clever, rather than correct.

The plural "lifestyles" is used on purpose. Any attempt to describe lifestyles in Alberta must finally become as much a study of contrasts as a comparison of similarities. They range from the lonely bucolic of the ranchmen living deep in the foothills, far from town, to the urban sophistication of a penthouse apartment in a high-rise block that includes swimming pool, sauna, squash courts, jogging track and other amenities for the enjoyment of discerning tenants.

Geography

The spaciousness and variety of Albertan geography contribute to the styles of living in the province. Alberta combines flat prairies, bare foothills and rugged mountains, with many lakes, rivers and streams, in an area as large as West and East Germany, the Netherlands, Belgium, Luxembourg, Switzerland, Denmark and Southern Sweden put together.

With so much space, Albertans spend a lot of their leasure time enjoying this vast—and by European standards still largely untamed—outdoors.

Alpine skiing on a par with the best in the world, though on slopes far less refined than Europe's, is an hour and a half's drive from Calgary. From Edmonton, out on the prairies, the drive is three hours longer, but the mountains are readily accessible on all-weather highways. Curling, cross-country skiing, snowmobiles and ice skating are other winter pastimes widely enjoyed by Albertans.

For the summer nature-lover, the province has some 120 parks, trailer camps and tenting grounds, plus 233 highway campsites and 68 forest recreational areas.

But it is no longer essential that one be a hair-chested outdoors person to enjoy living in Alberta. Canadian society in Alberta is probably changing more rapidly at present than in any other part of the country. There is still a rural flavour to living in Alberta. But it is rapidly becoming enriched with urban flavours as well, attracted by the steady growth in prosperity the province has enjoyed for two decades.

Most Albertans are urban dwellers. Roughly half the population of about 1.8m. is evenly divided between Calgary and Edmonton. Many of the rest live in smaller urban centres such as Lethbridge, Medicine Hat and Red Deer.

Rodeos like that of the Calgary Stampede are still favourite summer entertainment for many Albertans. But there is growing demand for cultural activities as well.

Edmonton and Calgary each boast their own opera company. They were the only opera companies in Canada to finish last year in the black. The Calgary Philharmonic Orchestra's chamber series, in a 511 seat theatre at the University of Calgary, has been sold out for three years, such is the interest of music lovers in the city. Edmonton has its own Symphony Orchestra. A ballet company is also trying to establish itself in both cities.

Some of the arts activities in Alberta reflect the substantial financial support by the petroleum-rich provincial Government. The Premier, Mr. Peter Lougheed has said the province needs more cultural attractions the better to lure to Alberta, and keep, the high quality business executives needed to sustain the economic expansion.

The variety of cultural activities available in Edmonton and Calgary remains sparce by London standards but they have been expanding in quantity, if not necessarily improving in quality.

Edmonton currently has five professional theatre companies. The best of them is the Citadel, run by a former British actor-director, John Neville. Next season it moves into a multi-million dollar new centre of its own. The others could qualify as "fringe" in London.

Theatre Calgary is the longest lived and most successful of three professional companies in that city. Its season runs from October to May. For its seven productions last season, including Alan Ayckbourn's "Absurd Person Singular," and Tom Stoppard's "Rosencrantz and Guildenstern Are Dead," Attendance averaged 85 per cent. of capacity.

Supports

Theatre Calgary's Alberta-born artistic director, Harold G. Baldridge, says he envies the more stable society of Edmonton which supports the Citadel so loyally. Being the capital of the province, Edmonton has a substantial civil service population. In Mr. Baldridge's opinion there is also a stronger tradition of theatre-going among the ethnic groups that are more dominant in Edmonton, especially the Ukranians.

Calgary is the head office city for the oil industry in Alberta—the telephone directory lists 494 oil companies—and boasts that it is now the third largest financial centre in Canada, after Toronto and Montreal. Mr. Baldridge says this contributes to Calgary's large transient population. He says about a third of Theatre Calgary's subscribers are moved out by their employers every season.

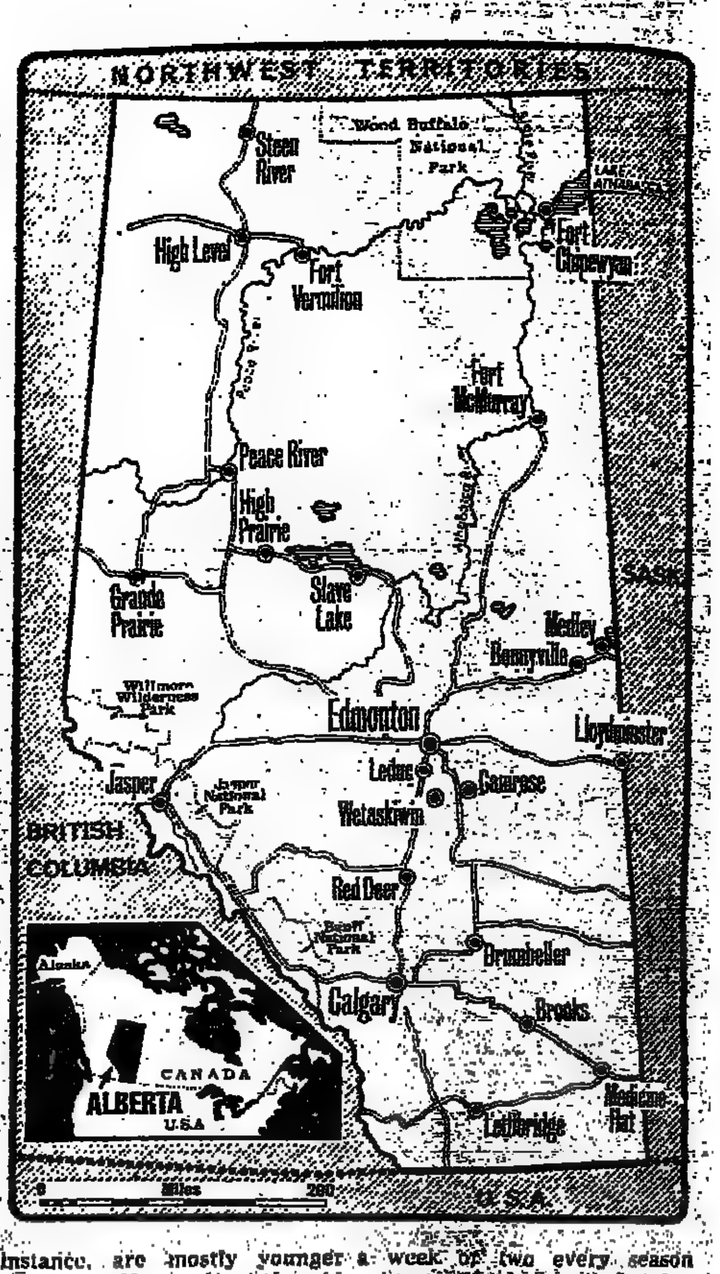
The multinational transients give Calgary an air of cosmopolitanism—within its Board rooms, dining rooms and private clubs, if not visibly on its streets—that is harder to discover in Edmonton and other Alberta communities. But the favourite meal in the restaurants of Calgary is still the same as elsewhere in the province—beef. A speciality is steak and lobster tail served together.

During the short hot summers, Albertans often entertain each other with dinners cooked over an open barbecue in their back yards, as gardens are called here. Although wine drinking is on the increase, the favourite fare is still hard liquor and beer—and, of course, steak.

If the arts are Alberta's latest growth industry, as seems to be the case, there appears to be a minimum of snob appeal involved. "Audiences that support Theatre Calgary, for instance, are mostly younger people. "No one's sitting in our theatre for pretentious reasons," says Mr. Baldridge.

He suspects the theatre-going elite of Calgary, and probably to a lesser extent, of Edmonton and other Alberta cities, are still those who spend a week or two every season going to the theatre in London or New York. Back home in Alberta, they work too hard making the money that takes them there to have time for local theatre.

Don Peacock



Tourists offered a cornucopia of choice

GOVERNMENT TRAVEL literature claims that Alberta offers the tourist the greatest variety of geographical features of any Canadian province.

A giant plateau 2,200 feet above sea level, Alberta has flat prairies, rolling foothills, lakes, rivers, forests and mountains—every geographical feature except an ocean. It also enjoys more hours of sunshine every year than any other province.

These assets have been exploited during the last few years to make tourism one of Alberta's fastest growing industries. The average annual growth rate of the industry since 1966 has been about 10 per cent. In 1974 it was 13 per cent. This year it is expected to generate well over half a billion dollars in revenue.

The cornerstone of Alberta tourism is the world-famous Banff-Lake Louise area in Banff National Park. The adjoining Jasper National Park to the north is the other major tourist attraction. But the province offers a variety of other tourist interests for the visitor prepared to go off the beaten track. There are three other national parks in the province.

For Europeans in search of uncrowded wilderness, Wood Buffalo is the northernmost part of the province offers 17,300 square miles of it. The only practical ways of reaching Wood Buffalo are by chartered boat down the Athabasca River or by chartered aircraft. The place to begin is Fort McMurray, north of Edmonton in the famous oil sands region. Daily airline service operates between Fort McMurray and Edmonton's international airline connections.

Space

In the Park there are no tourist facilities except the vast forested spaces in which to camp with a tent. Besides space it offers large rivers and lakes, an 11,000-head herd of buffalo roaming at large and nesting places of the rare whooping crane. Fishing is excellent.

Closer to civilisation is Elk Island National Park, just 23 miles east of Edmonton. The capital city of the province offers ready access to a variety of tourist attractions, which Edmontonians tend to take for granted, but to the visiting European probably seem still quite unspoiled and untamed.

Visitors who wanted to mix their experience with urban as well as rural Alberta could stay in Edmonton, rent a car and make day trips to a variety of landscapes and terrains, returning to the city to dine in some of the quite respectable quality restaurants now available there.

It is barely a 30-minute drive to Elk Island Park, where buffalo also roam in the largest fenced wild animal preserve in Canada—75 square miles. There is good camping beside Astotin Lake in the Park, which is also a paradise for bird-watchers. There are 21 islands in Astotin Lake, and on and among them live loon, grebe and the horned owl. Their sounds in the stillness of a summer evening echo hauntingly across the lake. More than 200 species of birds have been recorded in Elk Island.

On its trails grow marsh marigolds, sarsaparilla and plants of the orchid and lily family. During a stroll, the visitor will almost certainly see elk, moose, deer or beaver not far away. The lake is bordered with sandy beaches and swimming is good.

About the same distance west of Edmonton begins an area of evergreen forests and large lakes—Wabamun, Lac St. Anne, Isle Lake, Chip Lake—where swimming, fishing, water-skiing canoeing and rowing may be enjoyed as much as anywhere in Europe.

A three-hour drive south-east through rolling prairie grain-lands, will take an Edmonton visitor to what is probably the most unusual park in Canada, Dinosaur Provincial Park. From the lookout point at the entrance, the visitor can see across 22,000 acres of eerie bad-lands—eroded valleys and giant mushroom-like clay hoodoos where dinosaurs lived 70m. years or so ago.

Four hundred feet down in the Red Deer River Valley are picnic grounds, camping sites and exhibits of actual dinosaur skeletons. Altogether, 120 skeletons of prehistoric animals have been discovered in this area since 1912. Many have been shipped to museums all over the world.

In the south-eastern corner of Alberta is one of nature's more splendid flukes. Out of the flat prairie suddenly appear the Cypress Hills, somehow missed by the ice age 20,000 years ago. They rise to an altitude of 4,000 feet and enclose in their upper reaches a mini-world of sub-tropical flowers and rocks, alpine moss and towering evergreens. Sitting Bull and his band of Sioux fled there from the Battle of the Little Big Horn in 1876.

Allure

But it is the Rocky Mountains that continue to have the strongest allure for most visitors to Alberta.

The rugged beauty of Banff and Jasper Parks is the most widely known. But the smallest of Alberta's mountain national parks, is possibly more beautiful than either.

Waterton Lakes National Park is named for a string of three clear icy lakes that extend from the edge of the prairies deep into the mountains. The uppermost lies in a trench some 10 miles long, extending south about a mile into Montana between two towering battalions of mountains.

On a tall hill at the northern end of the Lake is the Prince of Wales Hotel, a charmingly rustic chalet structure with lobby windows two storeys tall, looking out over the magnificent alpine scene.

Across a little bay below the hotel is the townsite of Waterton where less expensive hotels can be found, along with trailer and camping sites. (Camp sites in Alberta, incidentally, are excellent. All have toilets and water supply and many have warm showers.)

Because of the rare ore deposits high in their cliffs, mountains in Waterton Park glow with rich reds, purples and golds on sunny summer days. There are also an excellent 18-hole golf course, as in Banff and Jasper, and many alpine hiking trails, often leading to small lakes where the fishing is almost always satisfactory.

For the traveller from Europe, Waterton is most readily accessible by rented car or motorbus from Calgary.

D.P.

Alberta

Canada's Opportunity Province

Investment

Alberta enjoys abundant energy supplies including millions of kilowatts of dependable electric power, copious coal deposits, conventional oil and gas plus the Alberta Oil Sands—estimated to contain as much oil as the total proven reserves in the Middle East. With these energy supplies plus significant agricultural production, the province has a solid economic base.

The great potential for new secondary industries and continued petroleum exploration are attracting the attention of businesses seeking new markets for capital investment and technological participation.

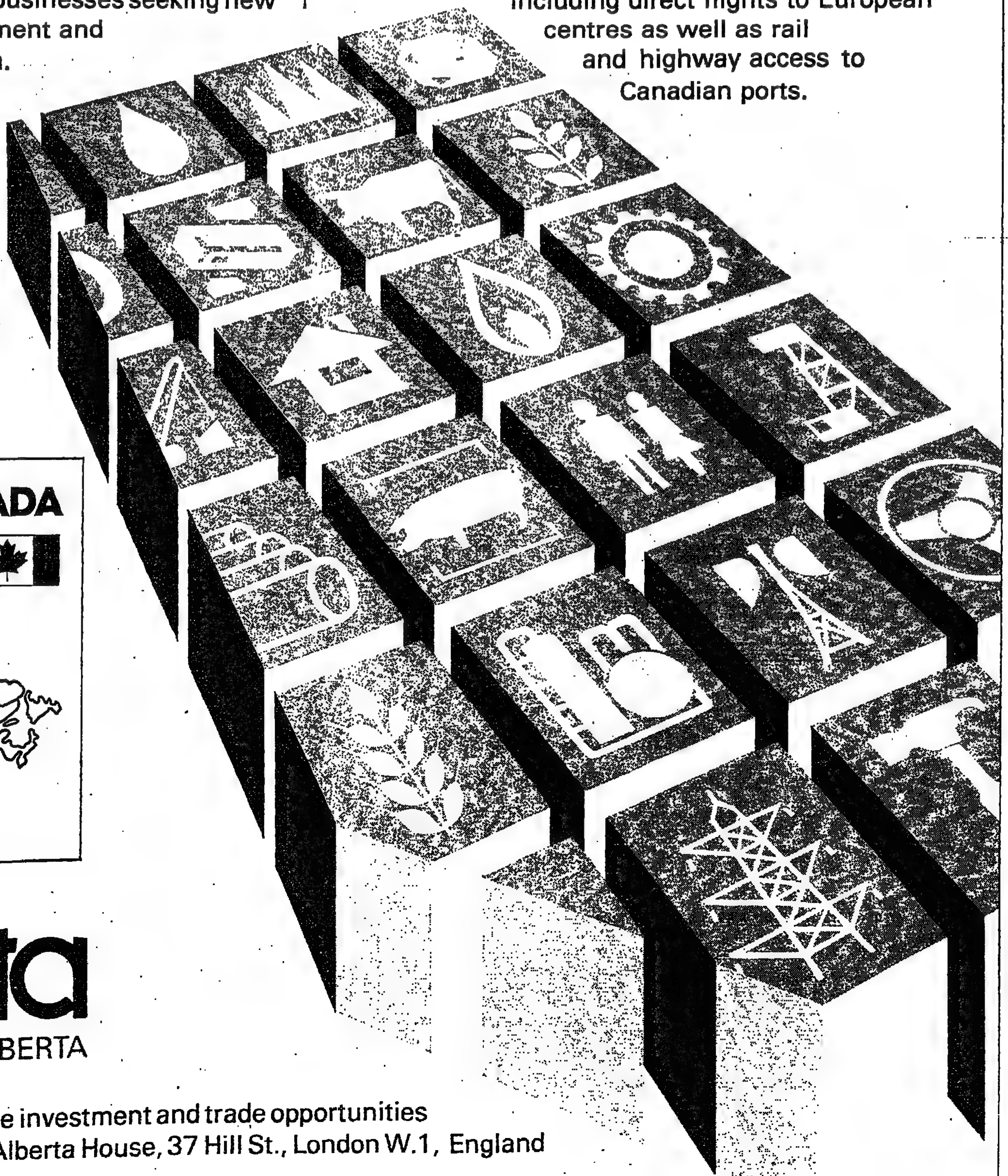
Alberta has traditionally had a stable political and social climate.

New taxation policies giving the province the lowest level of taxation in Canada are an added incentive for investors.

Trade

Alberta's agricultural and energy products have always found ready markets, both in Canada and throughout the world. Diversification of Alberta's economy has resulted in new and unique products and services for export including oilfield technology and equipment, prefabricated houses, agricultural expertise and implements, engineering consulting services, metal fabrication and livestock and semen exports.

Alberta has worldwide transportation connections including direct flights to European centres as well as rail and highway access to Canadian ports.



Alberta
GOVERNMENT OF ALBERTA

For more information on the investment and trade opportunities in Alberta, please contact: Alberta House, 37 Hill St., London W.1, England

Coal should fill the energy gap

WHAT will Albertans do when the oil runs out—the oil that earned what was a relatively poor agricultural province the reputation of being a Texas of the North? There are many answers, but one of the most promising is that they will turn to coal as a source of energy for themselves and for their customers.

Next to the U.S., Canada is endowed with more coal than any other non-Communist country, and Alberta has the second biggest share in this large, though not entirely straightforward resource. The proved remaining reserves are put at 10.4bn. tons, of which 7.5bn. tons could be recovered by opencast methods. Of the 140bn. tons actually thought to exist, 64bn. tons are considered to be recoverable. Of that amount, 50bn. tons is in the Alberta plains, where strip mining is the usual procedure.

For purposes of comparison, the province last year produced 11.1m. short tons of marketable coal, so that the available reserves, if exploited, could last a very long time indeed. The provincial government has already drawn one of the conclusions by deciding that all future base-load power stations shall burn coal instead of natural gas, as is done in many instances. Natural gas, so the reasoning runs, is too convenient a domestic fuel and too valuable a source of feedstock for petroleum chemistry to be sent up a power station chimney.

The decision of principle has been taken and no doubt will be adhered to. But practical difficulties have arisen almost at the first fence. A proposal has been put forward by Calgary Power and the Canadian Pacific concern for a coal mine and power station to be built near Camrose, some 60 miles south east of Edmonton, designed to turn into electric power 9m. tons of coal a year. The proposal has run into stiff opposition, because the mine would chew up some of the best farm land in a province that expects to depend always on agriculture besides its energy supplies.

Not only the susceptibilities of farmers are involved: in Alberta as elsewhere in North America they tend to be a down-to-earth lot with none of the European peasant's love of the land for its own sake. But the argument between farming and mining strikes a chord in Canada because it matches against each other what are described as renewable and non-renewable resources: once you have mined and burnt coal it is gone, whereas a field will grow food every year—unless the mining company's bulldozers and scrapers have ruined it for ever.

The Albertans have consulted German experts on this point, since they have much experience of restoring to agricultural purposes land from which they have stripped their lignite. Their performance impressed a delegation of Albertan politicians, businessmen and others who visited Europe last year in a mission led by the provincial Premier, Mr. Peter Lougheed.

Experts from Germany have visited Alberta with a view to offering consultancy services. But it is not clear as yet whether what works in Germany will function so well under the very stringent climatic conditions of an arid and, in winter, frozen Alberta.

Pressures

These are the considerations that will weigh heavily when a recommendation comes to be made on the Camrose project by the Alberta Energy Resources Conservation Board, and when Mr. Lougheed's Cabinet decides whether to allow the proposal to be put into practice. In this particular case the pressures on the Cabinet will be especially strong, not least because Calgary needs the extra electric power.

The need to reconcile conflicting considerations has caused the provincial Government to formulate a coal policy for its own guidance and for that of the interests involved. Roughly speaking it is proposed to delimit three zones. In one of these mining will be allowed; in a second limited exploration will be permitted while mining itself will be out for the time being; finally, certain areas will be closed even to exploration.

The closed area is likely to include in particular large areas of the foothills of the Rockies, the so-called watershed area, where the rivers arise that irrigate almost the whole of the Canadian prairies. Pollution there, it is felt, would be too dangerous a risk.

The clear implication of setting up an intermediate area where exploration is only allowed for the time being is that any coal found there may, one day, be extracted by whoever found it. The fact that the Canadian budget for 1976-77 introduced a 100 per cent. write-off facility for exploration costs incurred before July, 1979, in searching for mineral resources should provide a further incentive.

A more flexible royalty policy is the second ingredient of Alberta's coal policy. Basically, the practice hitherto has consisted of exacting a 40 per cent. royalty for natural resources taken out of the ground. In order to encourage potential coal miners a variety of variable cost and investment factors are to be taken into account in fixing royalties for new coal. The maximum royalty will be somewhere in the 40-50 per cent. band, but it could go as low as 5 per cent.

In a typical case the pattern might produce an even division of revenues between the operator, the provincial Government (through royalties), and the Canadian federal Government (through corporate income-tax)—though in practice there will be much scope to fight over the booty.

Apart from sub-bituminous (soft) coal largely used within the province, Alberta produces both high grade coking coal, as used in the steel industry, and bituminous coal for use in power stations. The coking coal goes almost exclusively to Japanese steel makers who have 65m. tons under contract over a period of 15 years. By 1983, it has been forecast, they may want 22m. tons a year. Their coal is taken across the Rocky Mountains in mile-long unit trains and loaded into bulk carriers on the Pacific coast.

Steel

Canada's own steel industry uses almost no Alberta coal since the furnaces are concentrated in Ontario, closer to fields in the U.S. where the Canadians have captive mines of their own. But nationalist considerations and those involving security of supply have given rise to proposals to ship Alberta coking coal all the way across the prairies by rail as far as Thunder Bay on the Great Lakes. There it can go on by lake steamer.

But the cost would be enormous. The existing railway is single track only and the transhipment facilities at Thunder Bay, though recently expanded, would require hundreds of millions of extra dollars to be spent on them for large-scale displacement of U.S. coal to become possible.

Indirectly the prospect will also stir up one of the oldest economic arguments in Canada—that involving the fixing of freight rates. Alberta and the rest of the West have for long believed that freight rates have been manipulated in the interests of eastern Canada and its secondary manufactures. One thing is clear at any rate. Whereas it is recognised in Alberta that the shipping costs will inevitably press upon the price that Alberta mining companies can get for their coal, the Alberta Government will want to be sure that the burden is shared.

Despite all these difficulties some sort of a start has been made with the sale, to begin in 1978, of 2m. tons of coal yearly to the Ontario power generating company, Ontario Hydro. In the more distant future there is a possibility also of Alberta coking coal being shipped to Europe.

There is a fascinating prospect, but also one surrounded by many uncertainties, that by the 1990s Alberta will be using coal as a substitute for natural gas: the techniques of making SNG (Synthetic or Substitute Natural Gas) from coal are known, though they are not yet fully economic. Making them so is a task that some men in the government service in Edmonton are working upon.

W. L. Luetkens

Major petrochemical plant being built

CONSTRUCTION IS about to begin on the plant which will be the heart of a worldscale petrochemical industry in Alberta. In the next few days, Alberta Gas Ethylene Company, a wholly owned subsidiary of Alberta Gas Trunk Line Company, of Calgary, will start to build a 1.2bn. lb a year ethylene plant at Joffre, a few miles east of Red Deer. The plant is the key to a petrochemical complex that will cost about $C1.2bn.-$C1.3 bn. to build, according to Robert L. Pierce, Executive Vice-President of AGTL. The last six months have seen plans for the petrochemical industry in Alberta fall into place, after three years of jockeying among companies, the provincial Government and the federal Government. "The financing is basically in place, our basic engineering is done and we're ready to build," Mr. Pierce says. For the company, the key was to start construction this summer. A couple of months' delay now could mean that the project completion might be delayed past its projected target completion date of December 31, 1978. The Joffre plant will take ethane, to be extracted from natural gas before it leaves Alberta, and upgrade it to ethylene. Mr Pierce notes that this gives the plant a number of advantages. It has no by-products to market, as virtually all of the ethane is upgraded to ethylene. It permits the design of a fairly simple plant, as it will be based on a homogenous feedstock. And the Alberta Government has promised that the ethane which the plant receives will be priced on the same basis as all the natural gas that leaves the province, which will give the plant an edge on downstream petrochemical plants in Ontario, regardless of what happens to oil and natural gas pricing in Canada.

Extraction

The plant will use about 75,000 barrels a day of ethane taken from the natural gas stream by four extraction plants that will straddle the pipeline system in the province. This ethane will be gathered by a pipeline system to be built by AGTL and Dome Petroleum. The ethylene produced at Joffre will be used to supply two further petrochemical plants to be built at Fort Saskatchewan, about 20 miles east of Edmonton, or will be shipped out of the province on a pipeline to be built by Dow Chemical of Canada and Dome. The National Energy Board, the federal regulatory agency over the oil and gas industry, recently granted Dow a ten-year export permit that allows it to sell 350m. lbs a year of ethylene to its parent company, Dow Chemical Company, of Midland, Michigan. The export permit was a very important piece in the provincial petrochemical jigsaw. It ensures that the Joffre plant will operate at full capacity. Dow's parent will buy the ethylene on a take-or-pay basis at the highest possible price, according to the permit. Dow was also granted a permit to move 150m. lbs a year of ethylene for 20 years to its Sarnia plant in Ontario. Dow is also planning to build the two Fort Saskatchewan plants that will further upgrade the ethylene produced in Alberta. One plant will consume about 300m. lbs a year of ethylene in the production of 420m. lbs a year of ethylene oxide and ethylene glycol. The other will use 400m.-500m. lbs a year of ethylene to produce ethylene dichloride. This plant will upgrade ethylene dichloride in a vinyl chloride monomer plant that will have a capacity of 700m. lbs a year.

The first plant in the next stage of upgrading has already been announced. Alberta Gas Trunk Line and Diamond Shamrock Canada Limited, a subsidiary of Diamond Shamrock Corporation of Cleveland, will build a polyvinyl chloride plant at Fort Saskatchewan. This plant, with a capital cost of $50m., will have a capacity of 400m. lbs of pvc a year, with the first stage to be on stream during the first quarter of 1979. The plant will use vinyl chloride monomer purchased from the Dow plant. It is expected that the availability of 220m. lbs a year of pvc will foster the growth of a pvc fabrication industry in Alberta.

The ethane based petrochemical complex is not the only major development in the Alberta petrochemicals industry. The Energy Resources Conservation Board, the provincial agency that rules out the availability of feedstock, is hearing two rival applications to build benzene plants. One proposal is being put forward by a consortium of AGTL, Dow and Alberta Gas Chemicals Ltd., a company 50 per cent. owned by AGTL and 50 per cent. by Allarco Developments Ltd. of Edmonton. This plant would have a capacity of 37,500 plus barrels a day of pentanes and would produce about 8,740 barrels a day of benzene, 10,900 barrels a day of motor fuels and 10,700 barrels a day of other hydrocarbon by-products.

A similar proposal for a plant using 47,000 barrels a day of pentanes plus is being put forward by a consortium of the Alberta Energy Company of Calgary, Hudsons Bay Oil and Gas Company of Calgary, Mitsubishi Petrochemical Company, and Mitsubishi Corporation. The fate of these applications for industrial development permits which would have to be approved by the provincial Cabinet after any recommendation from the Energy Resources Conservation Board is going to be fascinating for connoisseurs of the provincial development process. Both the Alberta Energy Company, which has an option for up to 51 per cent. of its proposal, and AGTL have been favoured sons of the provincial Government.

In its development plans, the Government owns 50 per cent. of AEC and under the special act incorporating AGTL names a number of the directors of AGTL. The two have not until now come head to head in their search for a piece of the Alberta action and it is to be seen how the provincial government will react to the energy company moving into the petrochemical field which up to now has been the domain of AGTL.

Methanol

Other petrochemical developments are taking place in Alberta. Alberta Gas Chemicals earlier this year brought the second units of its Medicine Hat methanol plant into production. The unit, the twin of the first, has a capacity of 600 tons a day. Application has been made to the Energy Board for permits for the construction of two more units each of which would also have a 600-tons a day capacity and the company is looking for ways in which it can participate in or lead to the upgrading of methanol to finished products within the province.

Canadian Fertilizers Ltd., of Medicine Hat, has opened one of the two ammonia plants in the $200m. fertiliser complex which it is building. This project will be complete next year and will consist of two ammonia plants and a urea plant. The company is jointly owned by Western Co-operative Fertilizers Ltd. of Calgaray, United Co-operatives of Ontario Mississauga, Co-operative Federee de Quebec Montreal, and CG Industries Inc. of Long Grove Ill. Two other fertilizer plants are expected to come on stream in the province next year. Cominco Ltd. of Vancouver is building a $135m. ammonia urea plant at Carseland and Canadian Industries Ltd. of Montreal has a $50m. ammonium nitrate plant underway also at Carseland. However, the rest of the industry appears to be hesitating in pushing plans ahead. Sherritt Gordon Mines Ltd. of Toronto, for example, has been considering a $142m. ammonia urea plant at Fort Saskatchewan where the company already has fertilizer production and Pan Canadian Petroleum Ltd. of Calgary has a permit for a $78.8m. ammonia plant at Brooks for which firm plans for starting have not been announced. With natural gas prices expected to rise sharply over the next few years as Canadian oil and gas prices are brought up to world levels because of Government pricing policy, the viability of these plants is in doubt. They would have to export large volumes of product that are closer to markets and which may have considerably cheaper natural gas as feedstock. "The problem with fertilizer is that it doesn't do as much upgrading as petrochemicals," says Mr. Pierce, one of the industry executives who doubts that many more fertilizer plants than those now under construction will be built.

Jim Rusk

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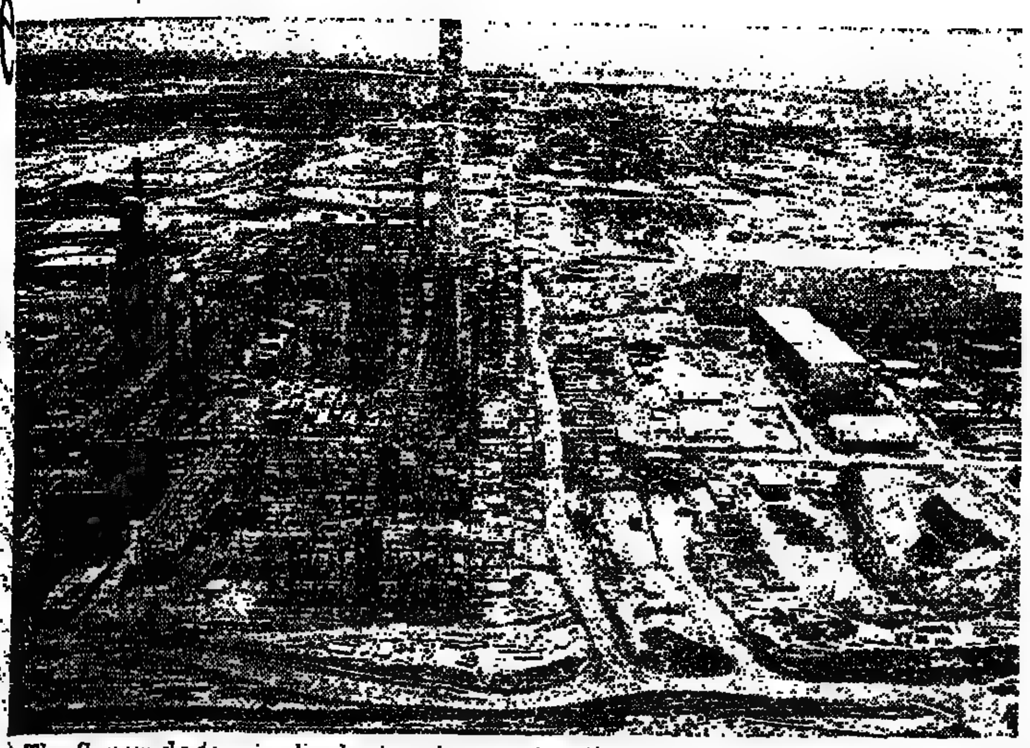


The Syncrude tar sands plant under construction: cost estimates have increased "difficulties had been underestimated."

Sticky problem in the tar sands

NEXT TO Concorde there has been no more dizzying performer in the numbers game than the Athabasca tar sands—great hope or pipedream—in northern Alberta where 100bn.-250bn. barrels of oil, depending upon whom you ask, are waiting to be extracted from a sticky mixture of sand, clay and bitumen by anyone who can perfect the technique and find the money to get it out.

The first estimate, made in 1973, was that the Syncrude tar sands plant, now under construction, was going to cost $500m.; later that year the figure was up to $1bn.; now the estimate is $2bn. plus. It is worth recording that consultants appointed to investigate the matter concluded that the first guess had not been deliberately pitched too low, nor the second too high in the hope of influencing Government policy or anything else: quite simply the difficulties had been underestimated.

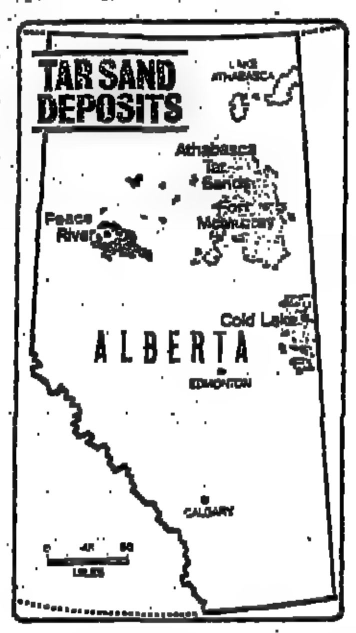
Techniques

Moreover, it happened although one plant, Great Canadian Oil Sands, an affiliate of Sun Oil of Chicago, was already working commercially in the sands, applying substantially the same techniques as will Syncrude. GCOS has never proved economic, mainly because its original rated capacity of 55,000 barrels a day is too small, and because in the fierce subarctic winters failures are always liable to end in lengthy closures. Syncrude hopes to change all that with a capacity of 125,000 b/d, and by installing two or three backups for every system that might go wrong. No wonder it is going to be an expensive affair.

The tar sands of Alberta are concentrated in three areas, all in the northern half of the province: around Fort McMurray, around Peace River to the west, and at Cold Lake, north-west of Edmonton, where they extend across the border into Saskatchewan. GCOS and Syncrude are both close to Fort McMurray, where the "ore body" is close enough to the surface to be collected by strip mining methods and then heat-treated to get the oil out. Apart from the fearsome winter, the great distance from markets and the amount of heat required to separate the oil from the sands, it is the need to combine mining methods with distillation which makes the whole process so expensive.

A possible way around that is *in situ* separation of the oil from sand and clay by treating the ore body itself with steam or another source of heat, deep underground. Imperial Oil (Exxon) already is doing so at a pilot plant in the Cold Lake area. An agency of the provincial Government, the Alberta Oil Sands Technology and Research Authority has $100m. to spend on pilot plants and other development in the sands, of which it has committed $62.5m. so far.

The schemes to which the money is to go include different *in situ* operations with Shell, Amoco and BP. Another joint venture with private industry will test the possibility of using heat treatment in deposits shallower than hitherto thought suitable, thereby also obviating the need to mine the ore body and transport the oil sand to the treatment plant. So far it had been thought that mining could be done usefully down to a depth of 200 feet, and that underground treatment could only be applied at depths of 2,000 feet or more, since the heat would otherwise escape. If the new method proved successful the possibility would open up that the full 250bn. barrels or more could be extracted from the sands.



The chief difficulties that have to be overcome in the sands may be technological—how to separate oil from the rest of the ore body without putting more energy into the process than will come out of it in the form of oil. But in addition there is the fearsome environment of stunted forests and wide open sub-arctic spaces. Last winter was "mild"—the thermometer never went below zero Fahrenheit. In other winters temperatures of 40 degrees below zero are nothing unusual. At GCOS in the early years the teeth of the bucket excavators nevertheless overheated in the winter because they had to dig into soil frozen to rocklike solidity: the problem was resolved by blasting the area in summer to create air pockets insulating the soil to be dug up in winter against the extreme cold.

Yet these are difficulties that have to be tackled: once Alberta's conventional oil runs out—and the fields are already declining—Canada faces either an enormous bill for oil imports or the need to win oil from the sands or the even more hostile Arctic.

That recognition induced the Canadian Government, as well as that of Alberta and of Ontario (the main consuming province) to take equity stakes in Syncrude when, in 1974, one of the participating companies, Atlantic Richfield, found the financial commitment more than it could bear. As a result the Syncrude shareowners now are three oil companies—Imperial Oil (31.25 per cent.), Gulf (16.75 per cent.), Cities Service (22 per cent.)—and three governments—Canada (15 per cent.), Alberta (10 per cent.), and Ontario (5 per cent.).

Besides ensuring the survival of Syncrude at a critical moment, government participation ensured two important advantages: it has blunted some of the criticism that the oil companies were wrecking large tracts of countryside in pursuit of profit: and it has given Syncrude a very favourable royalty deal and a promise that even in case of a glut it will be allowed to continue producing at full capacity.

Alberta has the choice between taking half the net profit or a royalty of 7.5 per cent. of output (compared with a more usual royalty rate of 40-50 per cent.), and royalties shall be entirely deductible for purposes of federal income tax. It has been pointed out that the Alberta Government is in a better position than any of the other partners to get a return from Syncrude—provided of course that there is a profit, and also that in this case at least it is the East of Canada that is subsidising Alberta.

Whether or not a profit will be earned is something that is still in dispute. Syncrude has been promised that it will be able to sell its product at world prices, rather than at the Canadian price which for the time being is lower, but may no longer be so when Syncrude comes on stream in 1978. As good an estimate as any says that Syncrude should pay its way if it can sell at $13.70 a barrel in 1979.

That involves a sufficient number of "ifs" and "buts" for others who have permits to go ahead with their own comparable operations, notably Fina and Shell, to be holding their horses. Not so long ago the Canadian authorities were budgeting on having several Syncrude scale plants working by the early 1980s, and the Japanese were said to be dying to get in to the act. Now everyone is probably quite happy to be going less fast.

The companies have been daunted by the costs; the governments have woken up to the danger of straining the resources of a thinly populated country by running too many giant ventures: this summer no fewer than 5,500 construction workers will be engaged on the Syncrude site: and Alberta for the time being has as much oil as it needs.

Advance

Besides, going slow increases the chances that the next plant, or the one after, may profit from a technological advance. The German Lurgi company, for instance, has made a proposal for dry distilling the bitumen (vaporising rather than boiling it in water), which could save a little money and improve protection against pollution. That process, if viable, will not constitute the great breakthrough that is really needed, but it illustrates that improvements are possible.

A study made of the project for the C. D. Howe Institution of Montreal, by Miss Judith Maxwell, arrives at the conclusion that Syncrude really is an insurance against the possibility of Arctic oil not proving viable for one reason or another. If it does, the tar sands may have to wait until their turn comes.

Of course, Arctic oil would be outside the direct influence of the Province of Albera and, indeed, any other province since the Arctic and the other Canadian frontier regions are a federal responsibility. But that is another story

W. L. L.

Government controls gas

YOU CAN see a few 10 gallon hats and cowboy boots in the streets of Edmonton and Calgary, and the evidence of oil wealth is everywhere. But any comparison between Alberta and Texas is skin deep and really misses the heart of the matter.

The heart is that the oil industry is very much under the control, some would say the thumb, of government. In the first place that means the provincial Government of Alberta which, under the letter of the British North America Act, the Canadian constitution, has jurisdiction over the natural resources of the province.

One fact will serve to illustrate how deeply involved the provincial Government is in the profitable business of oil and gas. It owns 85 per cent. of the mineral rights in the province. Of the 15 per cent. left, 9 per cent. are owned by the federal Government in areas such as National Parks where there is no intention to extract resources anyway. That leaves 6 per cent. for freeholders, half of it given in the past to Hudson's Bay Company and the Canadian Pacific Railway to encourage their pioneering efforts. Only 3 per cent. remains for the mythical oil man with a private well in his own yard.

The provincial Government therefore is in the happy position of being able to spread around the financial benefits of the oil and gas discoveries in the form of social benefits and low taxes, in addition to the usual stimulating effect of having a booming industry on the premises. Small wonder, therefore, that Edmonton has fought many a fight against what it considered Ottawa's encroachment upon Albertans' very own bonanza. Small wonder, to, that the provincial Government is anxious to get the best out of its resources and to ward off the evil day when the oil runs out.

The battle with Ottawa appears to have been fought to an honourable draw where both Governments share equitably what they can extract from the oil companies. Initially, when the oil price first went up steeply in 1973 their claims, being cumulative, scared away the explorers for oil. That state of affairs has been ended.

At the end of May 115 rigs were drilling in Alberta out of 150 in Canada as a whole, as against only 33 (69 in Canada) two years before. The contest was probably ended for the time being—since it will never be settled once and for all—by the federal budget for 1976-77 which promised 100 per cent. write off of exploration costs for natural resources incurred in the period until July 1979.

Realisation

Among other things, that concession reflected a realisation which has come to Canadians in the past year or so: that they are not quite as richly endowed with oil and gas as they once thought. For a while in the early 1970s Canada was a net exporter of oil, nearly all of it from Alberta. But in 1974 the federal authorities began to ration exports of oil and to force up the price of natural gas exports in the interests of Canadian self reliance—the term coined to replace a self sufficiency no longer possible.

As a result, oil imports into Canada last year exceeded exports by about a quarter. The whole exercise has caused much friction between Ottawa and Edmonton, since it was coupled with a holding down of the Canadian oil price below world market levels. That chagrined Albertans, though their chagrin will not last much longer. From July 1 the Canadian price which, in principle, is what the oil company gets, will rise to $9.05 a barrel from $8.00, and it will go up to $9.75 in January. It is unlikely to take much longer until the Canadian price reaches the world level.

American importers, of course, have not benefited from the Canadian price. If anything they have had to pay a shade above world levels because Canada has a captive market in the Chicago area. The excess revenue was skimmed off and used to subsidise oil imported into Canada.

If that infuriated the Americans, a slightly different dual pricing system for natural gas was even more irksome to them. Alberta gas piped all the way to Toronto will cost $1.40 per mcf (1,000 cubic feet) from July 1. But if sold to the U.S.—and 40 per cent. of Alberta's gas goes there—the price at the border is $1.60.

Mr. Peter Lougheed, the Premier of Alberta, had some explaining to do when he visited the neighbouring U.S. state of Montana this month. "Our position as owners of a depleting resource is to get the highest price we can for it," he blandly said. That does not prevent his Government from subsidising natural gas sold to all but the largest customers within Alberta itself—a matter of considerable import to Albertans given that they have a very hard winter and that gas is the chief domestic fuel in urban areas.

Whereas Mr. Lougheed is of course right that oil and gas, once burned, are gone forever, the writing is on the wall only for so-called conventional oil, meaning oil other than whatever is extracted from the tar sands. The life index of Alberta's conventional oil reserves was about 12 years at the end of 1975 which means that the fields are already declining. In the case of gas things were better: 30 years' supply has been found and reserves have in fact been added recently. Proved remaining recoverable reserves of conventional crude oil are put at 6bn. barrels (Canada 6.9bn.), and those of marketable natural gas at 51 trillion (million million) cu. feet out of total Canadian resources of 57 trillion.

Licensing

In order to keep Alberta in the oil business, the provincial authorities have changed their leasing and licensing policy although existing licenses and leases will for the time being remain largely unaffected. The chief purpose is to encourage oil companies to look for oil in horizons lower than the Cardium level where most of Alberta's oil has so far been produced. A lease holder, after a period of grace (five years in the case of new licences, longer in the case of old ones), must surrender his rights below the level down to which he has worked. In other words, another company may be allowed to look for oil at the lower levels.

One private sector company, Alberta Gas Trunk Line, is involved in a fight that could become important for Alberta's gas economy in the future. It has challenged the establishment of the North American oil industry as to who shall build a pipeline to bring to market the gas found in the Mackenzie Delta, north of the province. On the face of it the argument is about quantities, routes, and the like. But behind that there lies the knowledge that whoever wins will have a great deal of say in the ultimate disposal of the gas.

It is paradoxical that at a moment when Albertan oil reserves can be seen to be declining, a suggestion has been made that oil should be stored away in caverns as a kind of nest egg. The reason is that because of export rationing the industry has been working at no more than three quarters of capacity.

Somehow the idea is very typical of the province—how can you extract your raw materials and yet preserve them? But the idea is unlikely to be put into practice in quite that form. What could be stored is another hydrocarbon, the pentanes plus, which are a good raw material for petroleum chemistry. And that would be very typical too since Albertans want to build up a petroleum chemistry industry. If Canadians, as they are fond of explaining, do not wish to be hewers of wood and drawers of water, supplying simple things to the industrialised U.S., then Albertans want to be more than pumpers of gas and drawers of oil.

W. L. L.

High costs stagger farmers

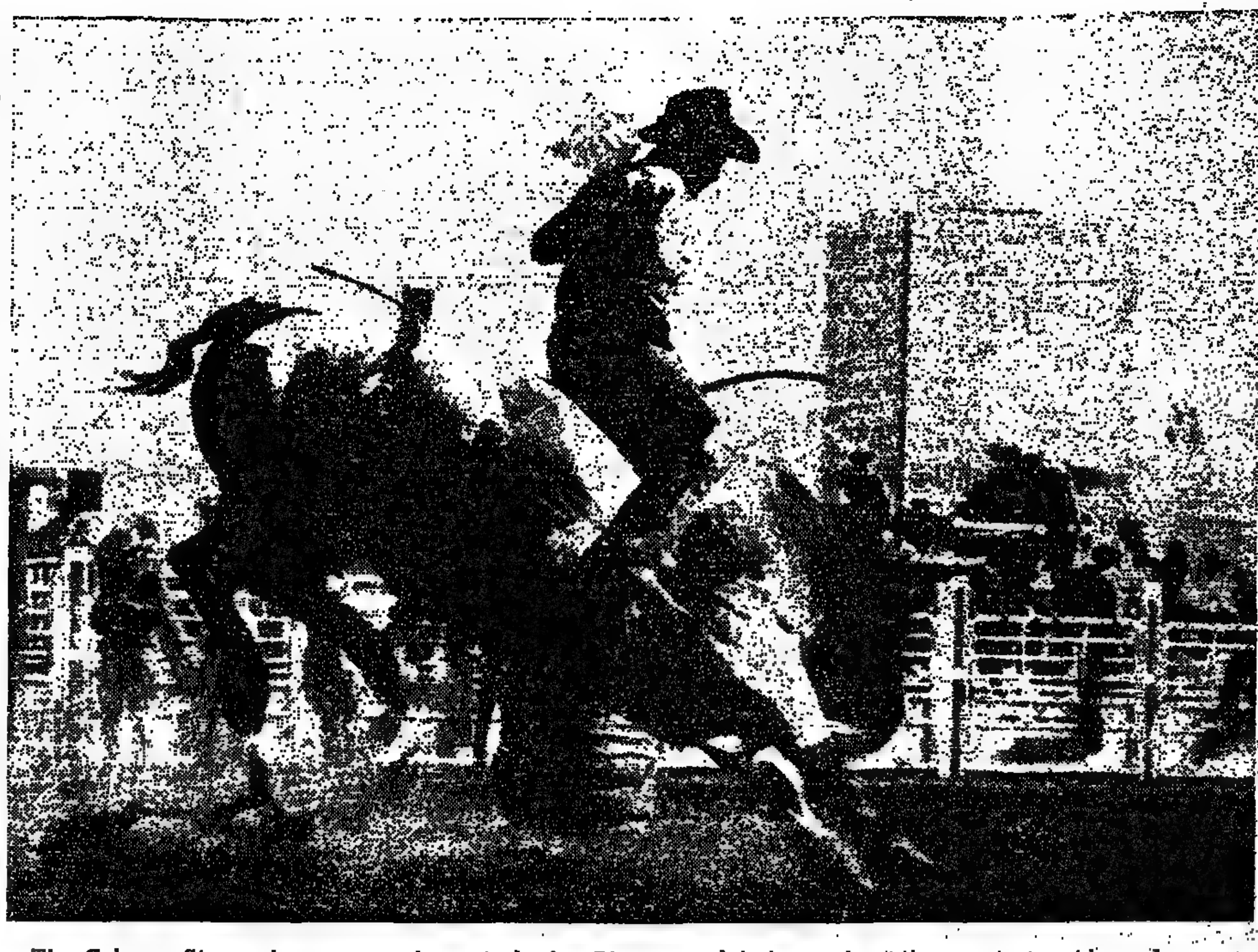
"IN THIS country, you never fight nature: You roll with it, and you always win—well, nearly always, if the politicians don't mess you around," remarks Clarence Copithorne, 55-year-old Alberta cattle rancher who oversees 10,000 acres of land with a herd of up to 1,700 Hereford beef animals.

Mr. Copithorne has been a rancher since the mid-1930s. He spent eight years in Albertan politics, four of them as transportation Minister in Conservative Premier Mr. Peter Lougheed's Government. He knows nature, and he knows politics:

The size of the Copithorne ranch is typical, even in the vast spaces of Alberta. But agriculture is big business in dollar terms, no matter what the average size of farms. Total gross farm receipts for agriculture in the year 1975 were $Can.1.9bn. Cattle and calf sales accounted for $611m. of that.

But cattlemen in the province paid out $500m. in expenses in that year, giving them a net income of $100m. spread over an approximate cattlemen's population of 750 people. Of that 750 figure, 360 cattlemen owned over 270 head of cattle, and 120 owned over 500 head.

Mr. Copithorne is typical of the Alberta rancher in that he operates a minimum of labour and machinery on his ranch. Four men including himself are the labour, and machinery is limited to eight tractors, a feed grinder, and a stack-mover. The herd is kept outdoors all year round, removing any need for capital expenditures on barn shelter.



The Calgary Stampede, an annual spectacle for 70 years, claiming to be "the greatest outdoor show on earth."

Feeding

Feeding of grain or supplements is limited to the scattering of grain pellets on the pastures in the winter, as additional feed to see the animals through the cold Alberta weather. Grain pellets are used because, Mr. Copithorne says, at $100 a ton they make for cheaper feed than whole grain of any type, even barley. Rations through the winter consist of three pounds per animal daily.

The tight hold on cash expenditures that Mr. Copithorne exhibits is a result of what he describes as "disastrous" cattle prices on the Canadian livestock market. In the five to six year price cycle for cattle, Canadian cattlemen have seen the last three years described by economists as the "bottoming out." But for the last year, predictions on cattle prices have centred around expected upturns in the markets — upturns that have not materialised and are not likely to in the immediate future.

Expenses have "tripled or quadrupled" in the cattle business in the past four years, says Mr. Copithorne. Yet prices received for beef animals last year averaged $43.80 per cwt. (live) on top-grade animals at the Calgary stockyards. That price is a little lower than the 1974 average.

The cost of production averaged about $56 per cwt. "We're selling our beef cattle for about 65 per cent. of the cost of producing it," he claims. "You have to remember it takes three years from conception to the steak on the plate, and inflation is disastrous for that kind of cycle."

It is particularly disastrous for the agriculture industry. While the consumer has to some extent been cushioned by rises in wages, agriculture in Canada has seen no such balance. Costs of items such as tractors, fertiliser, baler twine, chemicals, have risen steeply. Tractors cost double what they cost two years ago. Fertiliser prices have tripled. Baler twine has increased in price by some 500 per cent. in the last year.

Yet cattle prices have dropped from high levels of some $60 per cwt in the early part of the 1970's to "what they were 25 years ago," says Mr. Copithorne. "And it doesn't help any when you find out that much of the meat that goes into hamburger and wieners is imported. Bringing in beef from New Zealand, Australia, the U.S., all help to keep our prices down."

The livestock industry in Alberta, with this kind of economic picture, could hardly be described as hale and hearty. In fact it is anything but that, yet ranchers like Mr. Copithorne will walk into a Calgary supermarket and see the steaks they sold on the hoof for 48 cents a pound selling at $2.59.

"Now where's that money going? Take a live steer, it dresses out at maybe 60 per cent. of its liveweight. So your carcass really brought maybe 90 cents per pound of usable meat. Now there's a heck of a spread there, and somebody—the packers, the retailers—is taking a 20 per cent. profit where we lose $10 or $15 on every animal we sell," he remarks.

Protectionism in the form of tariffs could be one answer. Yet two years ago, when the Canadian Government gave in to the demands of Canadian cattlemen and moved against imports of U.S. beef, ostensibly as protection against American meat containing growth hormones not permitted in Canada, the result was an agricultural trade war between the two ountries. Probetween the two countries. Protrade in meat, eggs, poultry, and pork was resumed when the U.S. Government threatened an extension of the conflict into other trade areas, the Canadian consumers protested against the higher domestic prices that resulted.

Investment

With thus litany of complaints about their financial circumstances, one would wonder why the Alberta cattleman stays in the business. The answer, according to Mr. Copithorne, is that you cannot divest yourself of the investment you have in land, animals and machinery—and the faith the cattleman has in next year.

It would take a cattleman three years at least to get rid of his herd, and if there were a run of selling, prices would drop even further. So no cattleman sells out for fear of tilting the supply-demand pricing even further out of balance.

For Albertans, there are two businesses to be in—oil or cattle. The province is built on beef and gasoline. Every dollar's worth of livestock production has a multiplying factor of five dollars in spin-off economics. Every dollar's worth of oil production spins off into $2.50 in secondary manufacturing and employment.

Beef consumes 70 per cent. of the total feed grain production in Canada every year. Total production is 600m. bushels, on which the Prairies rely for basic economic survival. Take away the cattle herds and you would have 250,000 farmers with little market for their grain.

"You can't talk about cattle without talking about grain," says Mr. Copithorne. "I don't begrudge the grain farmer $2 a bushel for his barley. I'm happy to pay that if I can afford it. He's got a living to make and I need him. I'd pay him more if it still paid me to raise cattle at those prices."

Besides, there is still the price cycle with which all cattlemen are painfully familiar. Although the bottoming out in prices for this cycle has lasted a year longer than anybody expected, at some point prices will rise to a profit level. Some cattlemen are either going out of business or reducing herds. Those that remain—and most do—are waiting for next year.

Prices

"You can take a year or even a couple of years of this if you know next year prices will look up. Of course, the economists told us last year it would happen this year," Mr. Copithorne concludes wryly. "This one's lasted a little longer than the others."

Despite financial troubles that beset Alberta farmers, they still run their businesses with a certain flair. Mr. Copithorne defies the province's winters by permitting his herd to suffer the 40-below-zero temperatures as best they can. But probably the classic example of Albertan panache is that of the flying beekeeper.

His name is Gan Paradis, and he keeps bees in the Peace River area. It is in the far north of the province, in the foothills of the Rockies, and it is out in country where electric fences are the only obstacles between the bees and marauding bears.

Mr. Paradis owns a two-seater Supercub Piper airplane. He uses it to patrol his hives, which are spread out to a distance of 40 miles from his home. Much of the plane's usefulness derives from the need for constant checking of the electric fences, and patrolling the hives for bear damage. In the rugged foothills Mr. Paradis finds it simpler to take off and land in 100 yards on neighbouring farm fields than it would be to patrol by car or truck. So he puts in a couple of hours every other day patrolling by plane. It gets him through his 1,800 hives a lot faster, he says, and he enjoys the flying.

Mr. Paradis, too, is worried about low prices for his farm product—honey—but he would not give up his plane. In that, he is similar to Clarence Copithorne, who won't give up his cattle. Both men are typical of the stubbornness commonly attributed to the Albertan farmer.

Jane Waytiuk

Manufacturers seek wider base

ALBERTA IS meeting signs that there are limits to its efforts to broaden the provincial manufacturing base. Since it took office in 1971 the provincial government has had two goals in its efforts to increase manufacturing activity to see that more of the province's natural resources are upgraded before leaving the province, and to encourage economic activity outside the main cities of Edmonton and Calgary.

While efforts to broaden the base of activity are meeting with success in the development of a petrochemical industry, efforts to increase activity in smaller centres are coming up short. From the outset these efforts have been largely based on the development of agricultural processing industries and other activities related to agriculture. Furthermore, many people living in the smaller centres may not want manufacturing plants as much as the provincial government expected when it embarked on its industrial development efforts. "On the provincial Cabinet's recent tour of the province a number of smaller centres complained about rapid growth. And while the policy of decentralisation has its value, the Government is not pushing it as hard as it did," says one provincial official.

Processing

The cooling may also have a great deal to do with the problems that are being encountered by some of the agricultural processing industries in the province. Meat packing in Alberta has encountered severe difficulties in the past two years, according to Arthur J. E. Child, President of Burns Foods of Calgary, one of the three largest meat packers in Canada.

While Alberta is traditionally the second largest pig producing province in Canada, it has slipped to third place in the past three years as high feed prices made it unattractive for farmers to produce pigs. From 1971 to 1974 the province's pig production slid down gradually from 2m. to 1.6m., but in 1975 it dropped to 1.2m and in the first quarter of this year provincial packers slaughtered 20 per cent. fewer than in the first quarter of 1975.

Burns was forced to close its Calgary operations last year and the idea that Alberta might be a major exporter of pork "is just a dream," according to Mr. Child.

While cattle marketing and slaughterings have increased and to a degree eased the capacity problems of the meat packing industry, margins in beef marketing have been tight and freight rates to vital eastern Canadian markets—always a political football—have increased sharply.

To add to the industry's woes, there is a possibility of a strike in provincial packing plants this summer, something the industry last experienced in 1974. The tight margins in recent years—"meat packing isn't paying its way," according to Mr. Child—make it difficult for the industry to grant a generous settlement in its contract negotiations this summer, even though the tight labour markets of the province are making it hard to hold staff.

The rapeseed crushing sector is also experiencing problems, largely as a result of high freight rates, tight supplies and increased competition from other oils. One plant—the $5m. plant of Northern Alberta Rapeseed Processors—under construction at Sexsmith in the Peace River area—had experienced financial difficulties even before completion. This plant, backed by a consortium of German investors and a local Co-operative, faces an uncertain future even though it appears that the provincial government may provide some assistance.

Another plant, the $11m. plant of United Oilseed Products at Lloydminster, went into production late last year. It has been experiencing difficulties in obtaining enough rapeseed to operate and some industry officials expect that it may have to close at times this year.

The problems faced by the rapeseed crushers do not look to be short-lived. Rapeseed prices have dropped sharply in the past year because of increased supplies in world markets and farmers in Western Canada have halved their rapeseed acreage this year, according to the latest estimates by Statistics Canada of crops planted. Furthermore, with Western Canadian farmers in a strong financial position after three years of record grain prices many are holding back rapeseed in the hope that the price will go up.

Compete

But even at current prices hovering about $4.50 a bushel crushers cannot compete on international markets with other oils, especially palm oil from South-East Asia. With heavier supplies of palm oil on the horizon it is not clear when oil prices and crushing margins will recover, although some short-term relief may result from the cutback of soyabean acreage in the U.S.

The problems of the rapeseed crushing industry illustrate the difficulties that are going to be experienced in attempting to establish a large-scale agricultural processing industry in the province. Supplies of raw materials are variable and if an industry processes all of or even a high proportion of the provincial output it can suffer from long periods of excess capacity. Since much of the output has to be exported from the province, processors are vulnerable to changes in freight rates. The rate on meat has risen sharply in relation to the rate on feed grains and animals since the meat packing plants were planned.

The rate on rapeseed oil is relatively higher than the rate on rapeseed or grains. Both the expansion of the meat packing industry in the late 1960s and early 1970s and the expansion of the rapeseed processing industry now underway were fostered by grants from the federal Department of Regional Economic Expansion which makes grants to encourage industry to develop in the slower growth areas of the country.

Even so, it is hard to see that the province will not continue its efforts to increase manufacturing activity. Compared with the petroleum and petrochemical projects which are taking about three-quarters of new industrial capital being invested in Alberta, manufacturing and agricultural processing is much more labour-intensive. In 1975, for example, while agricultural processing and manufacturing used just under 15 per cent. of the $50m. invested in the 94 major industrial projects completed in Alberta, it accounted for over 55 per cent. of the 3,000 new jobs created in the industrial sector.

Among the projects under construction, although agricultural processing and manufacturing will take less than 3 per cent. of the $3bn. being invested, they will create over 20 per cent. of the 3,500 jobs to result from these projects. The emphasis in manufacturing is expected to shift, however, from its traditional orientation of agricultural processing and of servicing the petroleum sector. With the development of basic petrochemical production, manufacturing from plastic is looked to for the future. And if primary steel production is ever established on the Canadian prairies it too is expected to give a boost to Alberta's manufacturing industry.

Even if the provincial manufacturing sector is starting to bump against some limits this year, it has grown sharply over the past four years. During the second half of the 1960s manufacturing output grew fairly steadily from $1.4bn., nearly doubling in four years—an increase well above inflation rates. During the first quarter of this year manufacturing shipments of a little over $1bn. were just over 18 per cent. ahead of shipments in the first quarter of 1975.

For the year the rate of increase might not perhaps reach the 18 per cent. experienced last year, when it was the biggest of any Canadian province. Manufacturing investment in 1954 and 1975 was lower than in 1972 and 1973 and provincial officials expect this cautious attitude to continue in 1976.

Jim Rusk

AUTHORISED UNIT TRUSTS

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

						IRISH		
Albany Inv. 20p	28	......	Higsons Brew..	93	......	Conv. 9% '80/82	£86¾	......
Ash Spinning..	34	......	I.O.M. Stm. £1...	133	−7	Alliance Gas ...	54	......
Berton	24	+1	Holt (Jos.) 25p..	235	......	Arnott	225	......
Bdg'atr Est. 50p	133	......	Kleen-e-Ze	33	......	Carroll (P.J.)	100	......
Clover Croft	30	......	Lovell's Ship £1..	100	......	Clondalkin	46	......
Craig & Rose £1.	350	......	N'thn. Goldsmith	86	......	Concrete Prods.	97	......
Dyson (R.A.)	18	......	P.M.A.	38	−2	Heiton (Hldgs.)	23	......
Ellis & McHdy..	69	......	Pearce (C. H.)...	85	......	Ind. News	40	......
Evans Fr'k. 10p.	23	......	Peel Mills	14	......	Ins. Corp.	160	......
Evered	11	−1	RobbCaledon5p.	31	......	Irish Distillers.	49½	......
File Forge	48	+3	Sayers 12½p	13	......	Irish Ropes	90	......
Finlay Pkg. 5p..	16½	......	Sheffield Brick..	82	......	Jacob	64	......
Graig Shipp £1	152	......	Sheff. Refrshmt.	140	......	Sunbeam	11	......
[illegible]	315	......	Shiloh Spinn.	25	......	T.M.G.	92½	......
[illegible] Smith 10p	8	......	Sindall (Wm.)	50	......	Unidare	70	......

COMPANY NOTICES

HOPE STREET FUND S.A.
Société anonyme

Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
Section B No. 8.621

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of HOPE STREET FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen on July 16th, 1976 at 3.30 p.m. for the purpose of considering and voting upon the following matters:

1. To hear and accept the reports of: a. the directors; b. the statutory auditor.
2. To approve the balance sheet and profit and loss account for the year ended March 31, 1976.
3. To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1976.
4. To elect the directors to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until the next annual general meeting of shareholders.
6. Authorisation to the Board of Directors to suspend the publications of quarterly reports at June 30th, and December 31st in each year.
7. Any other business.

The shareholders are advised that no quorum for the statutory meeting is required and that all decisions will be taken at the majority of the shares present or represented at the meeting, with the restriction that no shareholder neither by himself nor by proxy can vote for a number of shares in excess of one fifth of the shares issued or two fifths of the shares present or represented at the meeting.

In order to take part at the statutory meeting of July 16th, 1976, the owners of bearer shares will have to deposit them five business days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with one of the following banks:

Banque Générale du Luxembourg S.A., LUXEMBOURG
Lloyds Bank Limited, 30, Lombard Street, LONDON, E.C.3

The Board of Directors.

NOTICE TO THE HOLDERS OF PETROFINA WARRANTS

Following the increases in capital agreed upon at the Extraordinary General Meeting held on May 14th, 1976, it has been decided to readjust the exercise price of the warrants, so that it may truly reflect the increase in the number of Petrofina shares.

As announced in the Agenda of the abovementioned meeting, the readjustment was made by applying the formula foreseen in the prospectus relating to the 1973 Mafina B.V. bonds with Petrofina warrants attached.

This formula results in a reduction of the warrants' exercise price which from now on will be: up to June 20th, 1978: BF 8.878.— and from July 1st 1978 up to June 20th, 1983, BF 9.445.—

BAYER AKTIENGESELLSCHAFT

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a resolution passed at the Ordinary General Meeting of shareholders held on 29th June, 1976, a Dividend for the year 1975 of 14%, i.e. DM7.00 per share of DM50 nominal will be paid as from 30th June, 1976, against delivery of Coupon No. 32 subject to deduction of German Capital Yields Tax of 25%.

The net amount of dividend is payable in German Marks. Paying Agents outside Germany will pay in the currency of the country in which the coupon is presented at the rate of exchange on the day of presentation.

Coupon No. 32 may be presented as from 30th June, 1976, at the Company's Paying Agents in the United Kingdom:

Hambros Bank Limited,
Hill Samuel and Co. Limited,
Kleinwort, Benson Limited,
S. G. Warburg and Co. Ltd.

from whom claims forms may be obtained.

United Kingdom Income Tax will be deducted at the rate of 20% (20 pence in the £) unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents. The Company's United Kingdom Paying Agents will, upon request, provide authorised depositaries with the appropriate form for such recovery.

BAYER AKTIENGESELLSCHAFT
Leverkusen,
30th June, 1976

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

CANADIANS

1976 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
13¼	10⅜	Bk Montreal $2	13		$1.00	—	4.4
35⅝	29⅞	Bk Nova Scot $2	33½	−⅛	$1.60	—	2.7
43¼	33¼	Bell Canada $25	40½xd	−½	$3.44	—	4.8
23⅝	12	Bow Valley	19¼	+⅛	10c	—	0.3
950p	850p	Brascan	850p	−10	$1.00	—	6.7
29⅞	19⅞	Can Imp. Bk. $2	20⅞	−½	$1.28	—	3.5
16⅞	10⅝	Can Pacific $5	14⅞	−⅞	84c	—	3.3
29⅝	26½	Do 4pc Deb. £100	27¼	+⅛	4%	—	14.3
37⅞	21⅝	Gulf Oil Can	25¼xd	−⅞	$1.00	—	2.2
670p	490p	Hawker Sid. Can	500p	−10	36c	—	4.1
31¾	22	Hollinger $5	31½	−¼	$1.80	—	3.3
18	12⅞	Hudson's Bay	16½	−⅛	60c	—	2.0
34⅛	26⅝	Hud B Oil G $2½	32⅞	−1	$1.40	—	2.4
22¼	17	Imperial Oil	19⅞	−½	80c	—	2.2
31¼	19½	Inco	28⅞	−⅛	$1.40	—	2.8
820p	660p	Int. Nat Gas $1	770p	+10	60c	—	5.0
25½	16	Massey Ferg	24	−⅛	$1.00	—	2.4
27⅝	20¼	Pacific Pet $1	26¼	−½	80c	—	1.7
38½p	24p	Place Gas $1	34p		—	—	—
29¾	22⅝	Rio Algom	28¼xd	+¾	$1.00	—	2.0
25⅞	20⅞	Royal Bk Can $2	23⅞		$1.28	—	3.1
25¾	20⅞	Seagram Co. C$1	21⅞	−¼	80c	—	2.2
16⅞	13⅞	Tor. Dom. Bk. $1	15		70c	—	2.6
11	830p	Trans Can Pipe 30½c	10	−¼	88c	—	5.1
790p	680p	White Pass	735		435c	—	2.9

S.E. List Premium 46% (based on $1.7275 per £)

BANKS AND HIRE PURCHASE

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
250	195	Alexanders D £1	220		11.67	—	8.2	—
£110	£89	Algemene Fl.100	£91	−2½	Q21%	ϕ	4.2	ϕ
490	355	Allen Harvey £1	360		25.0	—	10.7	—
128	93	Allied Irish	102	+2	Q6.89	—	6.8	—
60	38	Anglo Contnl	48		—	—	—	19.3

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

US $ Prem Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 46% (based on $1.7790 per £)

Conversion factor 0.6846 (0.6790)

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
710	350	Blyvoor 25c	410xd	−40	Q75c	ϕ	10.8
£14	785	Buffels R1	800	−40	Q125c	ϕ	9.3
198	95	Deelkraal R0.20	127	−13	—	—	—
760	325	Doornfontein R1	325xd	−35	Q55c	ϕ	10.0
965	640	East Drie R1	690xd	−50	Q75c	1.7	6.4
280	160	Elandsrand Gld. 20c	190	−15	—	—	
190	105	Elsburg R1	105xd	−11	‡Q338c	1.0	‡
£16½	£11¼	Hartebeest R1	£11¼xd	−1¼	Q190c	ϕ	10.0
695	420	Kloof Gold R1	420xd	−40	Q47c	ϕ	6.6
760	400	Libanon R1	420xd	−35	Q80c	ϕ	11.3
740	335	Southvaal 50c	485	−50	Q8c	1.3	1.0
245	140	Stilfontein 50c	165	−5	‡Q36c	2.2	‡
£20½	£13	Vaal Reefs 50c	£13xd	−1½	‡Q175c	2.1	‡
420	170	Venterspost R1	170xd	−20	‡Q70c	1.9	‡
£35	£18	W. Drie R1	£18xd	−2¾	Q335c	ϕ	11.0
315	165	Western Areas R1	170xd	−10	‡Q52c	1.4	‡
£15¼	810	Western Deep R2	810xd	−65	‡Q147c	1.6	‡
290	190	Zandpan R1	215xd	−15	Q31¼c	ϕ	8.6

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
170	75	Free State Dev. 50c	100	...	Q14c	1.6	8.3
£22½	£12	F.S. Geduld 50c	£12	−1½	‡Q330c	1.3	‡
200	57	F.S. Saaiplaas R1	155	−10	Z6c	0	2.3
465	295	Harmony 50c	325	−50	Q65c	ϕ	11.9
195	70	Loraine R1	100	−12	Q6c	0.5	3.6
£18½	950	Pres. Brand 50c	£11¼	−1½	‡Q250c	2.3	‡
£13	680	Pres. Steyn 50c	680	−60	‡Q125c	2.2	‡
£32¼	£12¼	St. Helena R1	£12¼	−60	‡Q250c	1.2	‡
174	86	Unisel	110	−10	—	—	—
330	220	Welkom 50c	225	−10	‡Q55c	1.7	‡

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
10	8	Burma Mines 17½p	8½	...	0.1	ϕ	2.0
39½	23	Charterhall 5p	27	+1	—	—	—
965	580	Cons. Murch. 10c	850xd	−30	†Q80c	1.8	5.6
55	28	Lamrasia	35	−2	—	—	—
455	245	Northgate C$1	355	−10	—	—	—
239	178	R.T.Z.	210	−1	5.42	2.1	4.0
112	83	Sabina Inds. C$1	85	+2	—	—	—
£15⅞	£10	Tara Exptn. $1	£15	−¼	—	—	—
90	65	Tehidy Minerals 10p	85	......	2.17	ϕ	3.9
142	84	Yukon Cons. C$1	140	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ◆ Same interim; reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1978. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 23

FINANCIAL TIMES

Wednesday June 30 1976

Finniston for Sears Holdings Board

By Kenneth Gooding, Industrial Correspondent

SIR MONTY FINNISTON is to join the Board of Sears Holdings, the conglomerate built up by Sir Charles Clore, and become executive chairman of the Sears Engineering subsidiary when he leaves the British Steel Corporation in September.

He would not reveal the exact salary he will be paid but admitted that at the gross level it would be substantially above the £28,100 a year he has received at BSC. "Once the tax man has had his whack it won't be very different," he said.

Now that his main job has been arranged, Sir Monty will be able to take up other offers of non-executive appointments outside the Sears group.

At Sears Engineering he takes over as chairman from Sir Charles, who is 71. The company's principal activities include manufacture of knitting machinery (Bentley Engineering) carpet-making machinery (Edgar Pickering) and motor-vehicle sales (Shaw and Kilburn, the main Vauxhall dealers) as well as mining, quarrying and contractors' plant, structural steel contracting, pipework fabrication and installation, and manufacture of transformers for electronic and electrical industries.

Last year Sears Engineering contributed £112.5m. of Sears Holdings' £715m. of sales, and just over £3m. of the £49m. taxable profit.

Sir Monty, who is 63, received a letter from Sears only two days after the announcement in March that he would not be reappointed chairman of BSC. "It was a very generous and courteous letter sent me by Sir Charles himself, inviting me to come and see him. But it did not say what about."

Diversity

He was attracted to the job because of "the diversity of interests in the engineering field to which I could apply some of my expertise."

To suggestions that he might be a successor to Sir Charles as chairman of the holding company, Sir Monty said: "That has never been talked about."

There had been many other job offers within ten days of the announcement that he was to be replaced at BSC by Sir Charles Villiers after five stormy years as chairman.

He had turned down serious offers to join private-sector steel companies because he had decided that any such move "would probably be misunderstood.

Neither had he at any time considered taking a job outside the U.K.

Men and Matters Page 20
British Shoe News Analysis Page 8

Fresh blow for Maritime Fruit as Salen ends charter

BY JOHN WYLES, SHIPPING CORRESPONDENT

MARITIME FRUIT Carrier's struggle to solve its financial crisis was dealt a fresh blow yesterday by Sweden's Salen shipping group which announced the termination of charter arrangements covering the entire fleet of 37 refrigerated ships operated by the Israeli-American shipping company.

This means that from the middle of next month MFC will lose virtually all its charter income from Salen, worth on an annual basis between $80m. and $85m. (£45.2m.-£48m.).

The MFC refrigerated ships (reefers), whose main cargo is bananas and citrus fruit, were chartered by Salen's subsidiary Salen Reefer Services until 1990, with a termination option from 1985.

However, Salen claimed yesterday that the recent spate of arrests of MFC ships by creditor banks, coupled with action disrupting other vessels by the Israeli seamen's unions, made it increasingly obvious that MFC could no longer keep its fleet in operation.

Moreover, major fruit exporters, whose cargoes are valued at up to $2m., had told Salen they did not want their cargo aboard any MFC ship.

Salen said that it would be able to meet all its trading obligations with its own 20 reefers and other "well prepared" charters. Most of the MFC ships would be handed over within three months.

Agreements

Salen warned MFC last week that it was considering ending its charter agreements but it stayed its hand to await the outcome of Saturday's Board meeting.

That ended with the surprise reinstatement as joint managing directors of MFC's two Israeli-born founders, Captain Mila Brener and Mr. Yaacov Meridor.

This change at the top, coupled with the loss of executive authority by the company's president of six months, Mr. H. Struve Hensel, is understood to have been a major factor in precipitating Salen's action.

The other was the failure to win Board approval of a $15m. rescue package negotiated by Mr. Hensel.

According to London banking sources last night, Salen is effectively posing Captain Brener and Mr. Meridor with the option of stepping down immediately to pave the way for a rescue operation or facing the possible disintegration of the company.

This is because several banks may now foreclose on ships which they have financed as the only realistic way of protecting their interests.

The ships most vulnerable would be the remainder of MFC's Israeli-flag fleet—five of the seven ships have already been arrested—and some of the 16 British flag ships owned by MFC.

All of the 12 West German flag ships chartered by MFC from other owners are thought to be more secure.

Acknowledging that Salen's decision was a serious blow to MFC's prospects, Captain Brener said last night that MFC would, nevertheless, seek to renegotiate the Salen agreement which he claimed was subject to six months' notice of termination.

He also revealed that he was now negotiating with the same group of investors whose $15m. package, negotiated by Mr. Hensel, failed to win MFC Board approval.

The group, which has been assembled by a Washington consultancy, Porter International, includes Don Luis Fernando Moreno Gonzalez, a Venezuelan. Its terms for offering $15m. standby credits are understood to involve a 60 per cent. stake in MFC and a completely reconstituted Board.

Payments

Another group of prospective investors talking to Captain Brener includes Mr. Ben Ami, an Israeli industrialist, who was yesterday negotiating in Tel Aviv with the Israeli seamen's unions over their demands for full wage and severance payments.

Captain Brener said last night that if a prospective deal to save the company hinged on his resignation, "then of course I would go."

£175m. underwriting loss by insurance companies

BY ERIC SHORT

BRITISH INSURANCE companies last year made a record underwriting loss of £175m. on their world-wide general business, excluding marine, according to figures released yesterday by the British Insurance Association. This represented 4.2 per cent. of premiums, which rose by 21 per cent. to £4.13bn., and compares with a 1974 underwriting deficit of £117m.—3.4 per cent. of premiums.

The deterioration occurred in motor business where the loss jumped to £150m. from £51m. Even the U.K. motor account recorded a loss of £4.6m. after two successive years of underwriting profits.

However, the picture for last year is rather confused because more than half of the underwriting losses were contributed by one company—Commercial Union—which had a loss (ex marine) of £93m., against £16m. in 1974. When the CU's figures are removed, the remaining BIA members had an overall improvement in results with losses in 1975 down to £82m. from £101m. in 1974.

The overall loss in 1975 was offset by investment income earned by the general insurance funds amounting to £465m. This resulted in a net profit before tax for general business of £290m., compared with £262m. in 1974.

The problem territory for British insurance still remains the U.S., where losses more than doubled to £117.5m.—13 per cent. of premium income. The U.K. fire and accident account recorded profit of £20m. which more than offset the motor loss, while the underwriting results of the rest of the world were cut to £73m. from £94m. The improvement took place in two former problem areas—Australia and Canada.

Mr. E. F. Bigland, the retiring chairman of the BIA, pointed out that the recovery that had been anticipated last year had not so far materialised. It took some time for rate increases and cutbacks in the portfolio to be reflected in the accounts. Insurance, he said, was a cyclical business and results can only be judged over a longish period.

The U.K. motor losses occured despite very large increases in rates during 1975 which average 32 per cent. The rapid rise in the cost of repairs, spare parts and court awards had outstripped the rate increases.

Mr. Bigland was not prepared to forecast the 1976 motor results, but warned that the fire and accident account could be very much worse as a result of the January storms. Here the U.K. damage will be the largest claim in U.K. insurance history, exceeding the £36m. damage of Flixborough.

Mr. William Harris, the new BIA chairman, said that he expected the U.S. business to return to profitability in 1977. Rate increases now being granted would be fully reflected in that year and the insurance market in the U.S. had tightened up considerably, with many risks not being accepted.

Callaghan refuses guarantees on cuts

By Philip Rawstorne

MR. JAMES CALLAGHAN told angry Labour Left-wingers in the Commons yesterday that he could give no guarantees about the level of of public expenditure next year.

Under close and hostile questioning on his return from the Puerto Rico summit the Prime Minister denied that there had been foreign pressures on the Government to cut its spending plans for 1977-78.

"There is a general anxiety about next year's level and it is to that we are directing our attention," he said.

In a series of sharp exchanges with Labour backbenchers who warned against any cuts that would create more unemployment, Mr. Callaghan said the Government had "an overriding requirement" to ensure the industrial investment that would "provide the dividend to enable the social expenditure to be met."

Picture, Page 7; Parliament, Page 18; Editorial Comment, Page 20

He added: "That is the problem which this country has to face. We cannot evade it by just increasing public expenditure without regard to the needs of manufacturing industry." The product of manufacturing industry paid the salaries of those in the public services. "They are not created out of nothing."

Mr. Callaghan repeated firmly: "I can give no assurances beyond April 1977."

Replying to Mrs. Margaret Thatcher, the Tory Leader, the Prime Minister said he did not rule out a statement by the end of July.

If there were to be changes, the Government would want to inform the Commons, industry and the country as soon as possible. It would be "helpful" if the Government could complete its review by the end of next month, but he did not want to rush it through in the last few days, especially if some people feared they were being tricked.

● Michael Donne, Aerospace Correspondent, writes: The cost of the charter for the BA Concorde flight to and from Puerto Rico for the Prime Minister's group is not disclosed, but it is believed to be about £40,000.

House starts in May at highest level for seven months

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE NUMBER of new houses on which work started in May reached the highest point since October 1975 although the figure for homes completed was less encouraging.

According to provisional figures yesterday from the Department of the Environment, housing output in both public and private sectors during the first five months of 1976 continued to show an improvement over the levels achieved in the same period a year earlier.

The patchy pattern of progress continues, however, with output in both sectors continuing to rise and fall from month to month. Although the underlying trend continues to show an improvement on last year, there are few real signs that any significent upturn is on the way.

The Department's figures show that a start was made on 33,000 homes last month compared to just under 31,000 in April. Of these, 18,500 were in the local authority sector—the best monthly total there since October, 1975—while the 14,500 starts in the private sector were slightly down on both the March and April figures.

As far as completions were concerned, May's overall total of 24,500 was disappointing and reflected a downturn in both private and public housing activity. During the month, 13,500 council homes were completed against 14,000 in April, while private house completions dropped from 11,900 to a provisional 11,000.

Taking three-month totals to reduce the effect of monthly fluctuations, total starts in the March-May period were unchanged compared with the previous quarter but 23 per cent. up on the poor output levels of a year earlier. Total completions between March and the end of May were just 1 per cent. up on the preceding three months and 4 per cent. higher than at the same time in 1975.

The Department also said yesterday that the number of house renovation grants approved in England and Wales in the three months to the end of May reached 33,700 compared with 34,300 in the same period a year earlier. In May itself, 10,400 grants were approved against 9,500 in April and 14,000 in March.

Weather

SUNNY and hot.

London, E. Anglia, S.E. and Cent. England, Midlands
Dry and sunny. Wind E., light or moderate. Max. 31-32C (88-90F).

E. and N.E. England
Dry, sunny spells. Coastal fog. Wind E., moderate. Max. 28C

Channel Is., S.W. and N.W. England, Wales, Lakes, I. of Man
Sunny. Thundery showers possible. Wind E., light or moderate. Max. 28C (82F).

Borders, Edinburgh, Dundee, S.W. Scotland, Glasgow, N. Ireland
Cloudy, some rain or drizzle. Wind variable, light. Max. 18C

N.E. Scotland, Orkney, Shetland Aberdeen, Cent. Highlands, Moray Firth, Argyll, N.W. Scotland
Dry, sunny periods. Wind variable or W., light. Max. 18C

Outlook: Mostly dry, sunny

Lighting-up: London 21.51. Manchester 22.11. Glasgow 22.35. Belfast 22.33.

Pollen count: 45 (low).

BUSINESS CENTRES

[illegible]

HOLIDAY RESORTS

[illegible]

C—Cloudy F—Fair Fg—Fog H—Hail R—Rain S—Sunny Sl—Sleet Sn—Snow Dr—Drizzle T—Thunderstorm

Rowntree Mackintosh plans £12m. rights issue

BY KEITH LEWIS

ROWNTREE MACKINTOSH, the confectionery and grocery products group, is to raise £12.33m. by way of a rights issue. News of the proposal, which is subject to the passing of a resolution at an extraordinary meeting on July 16, was poorly received by the Stock Market yesterday, and the shares fell 13p to close at 203p.

The group suffered losses of £32.2m. gross in 1973 as a result of speculation on the cocoa market—the net figure was £17m. after the appropriate tax reliefs. It is raising the cash "in order to assist the company to take advantage of opportunities which it sees around the world for the employment and development of its marketing, technological and management resources."

Balance sheet

The effect of the issue on Rowntree Mackintosh's balance sheet is likely to be marked. The last accounts showed shareholders' funds of £57.3m., after the deduction of goodwill and preference capital, compared with net borrowings of £43.2m.

Assuming the issue is approved, shareholders' funds will be over £70m. compared with an adjusted borrowings figure of almost £31m.

The issue terms are one new share for every five held at a price of 175p—a discount of 17½ per cent. on yesterday morning's price. The company is expecting to raise dividends in the current financial year by 25.8 per cent. to 7.25p per share, although the company emphasised yesterday that the issue was not simply a device to improve the return to Ordinary shareholders.

The rights issue has been underwritten by merchant bankers J. Henry Schroder Wagg. However, it is not yet clear whether the Rowntree Trusts, which retain about one-fifth of the equity, even after hefty disposals during the past financial year, will take up their allocation.

The Joseph Rowntree Memorial Trust holds 4,461,572 Ordinary shares; the Joseph Rowntree Trust holds 2,572,000 shares; and the Joseph Rowntree Social Services Trust retains 50,000 shares. The combined holding of 7,083,572 shares compares with the total 36m. shares in issue prior to the latest rights issue.

Pound jumps to highest level for over a month

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE POUND rose sharply yesterday to reach its highest closing level for more than a month at $1.7805—up 60 points on the day.

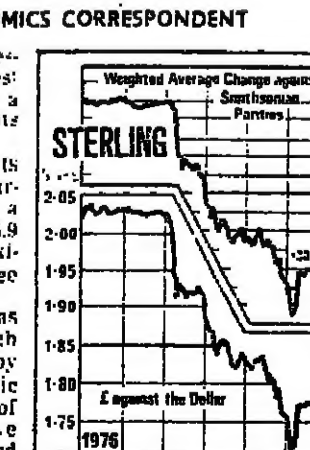
Sterling also finished at its best level against other currencies since May 25 with a weighted depreciation of 38.9 per cent., compared with a maximum of 41.6 per cent. three weeks ago.

Dealers said that business was "not particularly active," though sentiment had been helped by further speculation about public spending cuts, and the Bank of England again appears to have intervened in the forward market.

The rise also seems to have been partly stimulated by a sizeable commercial order in New York on Monday evening and there was some commercial buying yesterday.

Dealers believe, in addition, that there may have been some unwinding of "leads and lags"—the altered timing of commercial payments for exports and imports which contributed to the earlier pressure on sterling—though they are keen not to overemphasise its extent.

The pound has been trading in the range of $1.77 to $1.78 for well over a fortnight, apart from a short period last Thursday.



One of the main weapons used by the authorities to stabilise the rate has been to intervene in the forward market by buying spot pounds and simultaneously selling them forward.

The effect is to push up Euro-sterling rates and squeeze operators with a bear sterling position: to judge by last night's rates these pressures are being maintained.

THE LEX COLUMN

Rowntree shakes off the past

The £12.4m. rights issue which has finally emerged from Rowntree Mackintosh inevitably revives memories of 1973's cocoa disaster, which knocked around £17m. out of reserves. Adjusted for a property revaluation, debt that year rose from 18 to 47 per cent. of capital employed, and although the proportion has since slipped back to 35 per cent., the group was still heavily dependent on the banks for its £43m. of borrowings at the end of 1975.

Considering the scale of this setback, Rowntree has recovered its poise remarkably swiftly in the last two years. Spending on brand development has been maintained, as has been evident in a rising market share, and capital spending has not been unduly restricted. Last year, the pre-interest return on capital employed rose to over 25 per cent., which compares very favourably with the performance prior to 1973.

However the group now wants to increase its capital spending very substantially — to over £50m. during the next three years, which is two and half times the level of the last three. In addition, working capital is likely to absorb £10m. or so this year, and a good bit more than that in 1977. For perspective, net cash flow last year totalled £21m.

So having successfully served its period of probation, the management is now asking shareholders to refinance the business: adjusting the last balance sheet, borrowings stand to fall to under a quarter of capital employed. The incentives include a proposed 50 per cent. increase in this year's total dividend outlay, taking the ex rights yield up to 5.6 per cent., and a strong trading background. Confectionery volume in the U.K. could rise by 5 per cent. this year, and with its cocoa requirements already covered, Rowntree's profits could rise by perhaps a fifth or more.

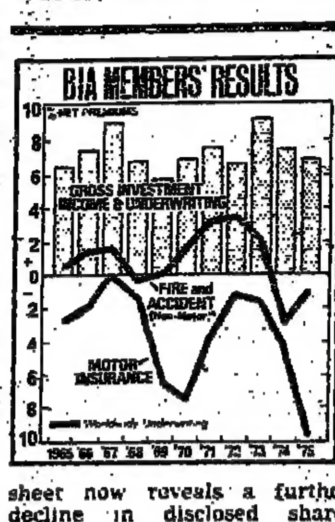
There must be doubts about whether the trusts, with about a fifth of the equity, will take up all their rights. And yesterday's 13p fall to 203p leaves the shares just an eighth above the underwriting price. But unless the market behaves very badly, Rowntree's has the ingredients for a successful issue.

Hambros

Although Hambros' profits showed a substantial recovery last week, somehow its balance sheet now reveals a further decline in disclosed shareholders' funds. The use of foreign currency loans to finance fixed and portfolio investments, for instance, has resulted in a net loss of £1.42m., and realised losses on securities were more than another £1m. This underlines the uncertain quality of merchant banking earnings, and although Hambros' dividend is still moving smoothly forwards it does not have quite the flexibility on this score that it used to. The $25m. 15-year Loan Note subscribed by Prudential Insurance of the U.S. last year carries a dividend restriction, in that not more than 70 per cent. of disclosed profits may be distributed.

Not that such a high payout ratio would in any case be practicable for merchant banks which are tending to run rather short of equity capital in relation to their swelling balance sheet totals. Loans, for instance, now supply 46 per cent. of Hambros' disclosed capital base. Disposal of part of Hambro Life could usefully add to the equity, although at the same time associated companies are included in the books at £9m. over market values.

Index rose 6.4 to 377.9



Insurance

The underwriting cycle in the U.S. insurance business is still right at the bottom of the trough, and although some improvement might be discernible in the figures by the end of this year, it now looks as though 1977 is really going to mark the turning point. That, at any rate, was the view expressed at the British Insurance Association yesterday, where was also reported that world-wide underwriting losses in 1975 rose from 3.4 to 4.2 per cent. of premiums, that the U.K. motor account has slipped into the red and that this year's January storms cost at least £40m., which is more than the Flixborough disaster.

However, without the Commercial Union's figures underwriting losses in 1975 would have been down to 2½ per cent. of premiums. U.K. motor business seems to be more or less under control. And after a ... per cent. rise in investment income on general funds, the industry's gross trading result last year still represented a higher proportion of net written premiums than was the case in either 1969 or 1972.

Standard Chartered

Standard Chartered has comfortably topped its forecast at the time of the rights issue, returning £38.2m. net against the minimum indication of £34m., although extraordinary items—mostly write-downs of interests in Angola and Mozambique, and a book loss on preference shares in South Africa—have clipped £3.7m. off the ... The 29 per cent. improvement in earnings per share, however, reflects the absence of 1974-75 special provisions rather than any basic improvement in trading, which was affected by the worldwide recession. There was little net benefit from sterling's depreciation, moreover, for ... Chartered end of the group closes its books at the end of December, and the Standard side was held back by the ... devaluation. Trading profits were only marginally ahead at £65.1m. for the year, including a slight second half decline.

Judging by the ... per cent. rise in minority interests, South Africa and Nigeria have been producing some of the strong profits growth within the group. This year, however, the accent could swing back towards Chartered's interests in the ... and Middle East, which have been benefiting from a sharp turn in levels of trade in recent months. The group as a whole looks set for £110m. or more pre-tax, against £92.3m., giving cover of over 2½ times for the 6.5 per cent. yield; but for the moment the overseas hedge attractions may be offset by the African exposure, even though the South African earnings content is probably only about a fifth.

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